

Harry E. Riddleberger to be postmaster at St. Albans, W.Va., in place of U. S. Jarrett. Incumbent's commission expired December 18, 1933.

WISCONSIN

Richard P. Kielty to be postmaster at Altoona, Wis., in place of L. I. Edgell. Incumbent's commission expired December 16, 1933.

Frank A. Buettner to be postmaster at Bowler, Wis., in place of Fred Hennig. Incumbent's commission expired February 28, 1933.

Berthea Overgood to be postmaster at Brantwood, Wis., in place of Elmer Carlson, removed.

William L. Lee to be postmaster at Drummond, Wis., in place of E. G. Carter. Incumbent's commission expired December 18, 1933.

Herman W. Paff to be postmaster at Elk Mound, Wis., in place of A. M. Howe. Incumbent's commission expired December 18, 1933.

John T. Tovey to be postmaster at Fremont, Wis., in place of G. F. Sherburne. Incumbent's commission expired December 18, 1933.

Max R. Alling to be postmaster at Green Lake, Wis., in place of M. L. Kutchin. Incumbent's commission expired December 18, 1933.

Frank Hepe to be postmaster at Kewaskum, Wis., in place of E. D. Koch. Incumbent's commission expired January 22, 1934.

John J. Steiner to be postmaster at Mauston, Wis., in place of J. H. McNown. Incumbent's commission expired January 21, 1933.

Albert E. Hansen to be postmaster at Mendota, Wis., in place of William Rathbun. Incumbent's commission expired December 19, 1933.

Nicholas Abler to be postmaster at Mount Calvary, Wis., in place of George Henry. Incumbent's commission expired December 18, 1933.

Maurice E. Kennedy to be postmaster at New Lisbon, Wis., in place of C. C. Martin. Incumbent's commission expired February 25, 1933.

John V. Nickodem to be postmaster at Princeton, Wis., in place of L. L. Merrill. Incumbent's commission expired May 10, 1933.

Irwin J. Rieck to be postmaster at Weyauwega, Wis., in place of G. T. Classon. Incumbent's commission expired March 3, 1931.

Edwin F. Smith to be postmaster at Wisconsin Veterans' Home, Wis., in place of G. A. Murray. Incumbent's commission expired February 28, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 18 (legislative day of Apr. 17), 1934

UNITED STATES MARSHAL

John B. Ponder to be United States marshal for the eastern district of Texas.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

Capt. John Robin Davis Cleland to Adjutant General's Department.

First Lt. Charles Franklin Born to Air Corps.

APPOINTMENT BY PROMOTION IN THE REGULAR ARMY

Walter King Wilson to be colonel, Coast Artillery Corps.
Myron Sidney Crissy to be colonel, Coast Artillery Corps.
Oscar Foley to be colonel, Cavalry.

Frederick Dudley Griffith, Jr., to be colonel, Cavalry.

Wallace Copeland Philoon to be lieutenant colonel, Infantry.

Charles Bartell Meyer to be lieutenant colonel, Coast Artillery Corps.

Herbert LeRoy Taylor to be lieutenant colonel, Infantry.

James Rowland Hill to be lieutenant colonel, Quartermaster Corps.

Creighton Kerr to be major, Coast Artillery Corps.

LeRoy Murray Edwards to be major, Finance Department.

John Arthur McDonald to be major, Quartermaster Corps.

Stephen Burdette Massey to be major, Quartermaster Corps.

Albert Jamerson Chappell to be major, Quartermaster Corps.

Morton Howard McKinnon to be captain, Air Corps.

Elmer Dane Pangburn to be captain, Infantry.

Nathan William Thomas to be captain, Quartermaster Corps.

Walter Bernard Hough to be captain, Air Corps.

William Michael Lanagan to be captain, Air Corps.

George Platt Tourtellot to be captain, Air Corps.

George Hendricks Beverley to be captain, Air Corps.

Walter Kellsey Burgess to be captain, Air Corps.

Paul California Wilkins to be captain, Air Corps.

Bruno William Brooks to be captain, Quartermaster Corps.
Thomas Joseph Brennan, Jr., to be first lieutenant, Cavalry.

Robert Loyal Easton to be first lieutenant, Air Corps.

Elmer Briant Thayer to be first lieutenant, Field Artillery.

James Stewart Neary to be first lieutenant, Field Artillery.

John Benjamin Allen to be first lieutenant, Signal Corps.

Norris Brown Harbold to be first lieutenant, Air Corps.

John Cogswell Oakes to be first lieutenant, Field Artillery.
Leslie George Ross to be first lieutenant, Coast Artillery Corps.

George Raymond Bienfang to be first lieutenant, Air Corps.

Roger Woodhull Goldsmith to be first lieutenant, Field Artillery.

Russell Alger Wilson to be first lieutenant, Air Corps.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 18, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal God and our Heavenly Father, we thank Thee for the great souls of the past who have bowed at the altar of prayer. Here they found courage and guidance that opened the way for nobler living and larger achievements; we pray for renewal of strength. In the realm of clearer vision may we find our delight and health in the channels of service. Heavenly Father, let us not be consumed by the fever of living or exhaust our vital energies in endless stress and strain. Just put Thy hand upon our hearts; speak to us, and may we be smitten with the finer issues of life. O breathe Thy sweetness and rest into our souls. Allow hindrances and obstacles to become the luminous points for our victorious spirits. Blessed Lord, we pray for our people; bring their lives through the deeps up to the highest levels of plenty and happiness. For their sakes may we take pleasure in necessities and distresses. As we serve them, may we make a highway of joy straight through the deserts of want and privation for every man, woman, and child of every section of the Union. In the name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7483. An act to provide minimum pay for postal substitutes.

The message also announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 1800. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture;

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of

Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes; and

S.Con.Res. 13. To authorize the printing of additional copies of the hearings held before the special committee appointed to investigate air- and ocean-mail contracts.

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that I may address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, yesterday you conferred on me the honor of appointing me one of the conferees on the so-called "tax bill." I find in the RECORD of another body this morning a condemnation of the bill as it passed the House, and also an unnecessary and uncomplimentary reference to the Associated Press, saying that news was not being furnished, but opinions. The item in the Associated Press stated that there was "swelling opposition" to certain features of the bill. I confirm the viewpoint of the press, because when that article was printed, opposition to some Senate amendments was not known to the reading public. Probably it will be found that the objectionable amendments made in the other body did not have the approval of the Finance Committee, so that the quoted item, "that the so-called 'Senate progressives' ran away with the Finance Committee", is undoubtedly correct. The remarks made in the other body relative to the bill as passed by this House is the very best of evidence that we passed a good bill, and that the rule under which the bill was passed was a proper and meritorious one; unfortunately, such a rule could not meet with favor in another body. I may say now, not necessarily as the result of criticism that the House is given in this item to which I have referred, but from my own convictions, that we have a better bill than the Senate passed, and that I, for one, as a conferee through your appointment, announce now that these items of tremendous increases above the House bill in most instances will not meet with my approval in conference. [Applause.]

BONDS OF HOME OWNERS' LOAN CORPORATION

Mr. STEAGALL. Mr. Speaker, I call up conference report on the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

The conference report and statement is as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed \$2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter pro-

vided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time and at any price not to exceed par any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 6 months after the date of this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Cor-

poration on the date of this subsection, as amended, takes effect.'

"(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act.'

"Sec. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"(l) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in involuntary default on June 13, 1933, with respect to the indebtedness on his real estate and is unable to carry or refund his present mortgage indebtedness: *Provided*, That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed \$200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section.'

"Sec. 3. The sixth sentence of section 4 (d) of the Home Owners' Loan Act of 1933 is amended to read as follows: 'The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension.'

"Sec. 4. Subsection (g) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended to read as follows:

"(g) The Corporation is further authorized to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee subsequent to January 1, 1930, subject to the limitations provided in subsection (d) of this section.'

"Sec. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"(j) In addition to the authority to subscribe for preferred shares in Federal savings and loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such

payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any one year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association or member of any Federal home loan bank may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings and loan association or member of any Federal home loan bank may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States.'

"Sec. 6. Section 5 (i) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of 51 percent or more of the votes cast at a legal meeting called to consider such action; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.'

"Sec. 7. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon, after the words 'Federal Farm Mortgage Corporation', a comma and the following: 'or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended.'

"(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by inserting after the words 'bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months', a comma and the following: 'bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding 6 months.'

"Sec. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Home Owners' Loan Corporation.

"Sec. 9. The Home Owners' Loan Corporation is authorized to buy bonds or debentures of Federal home loan banks upon such terms as may be agreed upon or to loan money to Federal home loan banks upon such terms as may be agreed upon but not to exceed \$50,000,000 shall be invested or advanced under this section.

"Sec. 10. The first sentence of section 10 (b) of the Federal Home Loan Bank Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: 'unless the amount of the debt secured by such home mortgage is less than 50 percent of the value

of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made.

"Sec. 11. Section 6 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new sentences: 'For the purposes of this section the Secretary of the Treasury is authorized and directed to allocate and make immediately available to the Board, out of the funds appropriated pursuant to section 5 (g), the sum of \$500,000. Such sum shall be in addition to the funds appropriated pursuant to this section, and shall be subject to the call of the Board and shall remain available until expended.'

"Sec. 12. Subsection (e) of section 8 of the Home Owners' Loan Act of 1933, is hereby amended to read as follows:

"(e) No person, partnership, association, or corporation shall, directly or indirectly, solicit, contract for, charge or receive, or attempt to solicit, contract for, charge or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan, whether bond or cash, except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than \$10,000, or imprisoned not more than 5 years, or both."

"Sec. 13. Subsection (k) of section 4 of the Home Owners' Loan Act of 1933 is hereby amended by inserting a new sentence after the second sentence of such subsection as follows: 'All payments upon principal of loans made by the Corporation shall under regulations made by the Corporation be applied to the retirement of the bonds of the Corporation.'

"Sec. 14. The eighth sentence of section 4 (a) of the act entitled 'An act to provide for the establishment of a Corporation to aid in the refinancing of farm debts, and for other purposes', approved January 31, 1934, is amended to read as follows: 'No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same.'

"Sec. 15. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the House agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
ROBERT LUCE,
CARROLL L. BEEDY,

Managers on the part of the House.

ROBERT J. BULKLEY,
ALBEN W. BARKLEY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Under section 1 of the bill (providing for guaranteeing the principal and interest of the bonds of the Home Owners' Loan Corporation) a provision was included authorizing for a period of 6 months the exchange of bonds of the Corporation so guaranteed for bonds issued under existing law which are guaranteed as to interest only. The House amendment authorizes such exchange of bonds for a period of 12 months. The bill as agreed to in conference retains the provision of

the Senate authorizing such exchange for a 6 months' period.

In the same section it was provided in the Senate bill that bonds purchased by the Corporation might be sold or resold at any time and at any price not to exceed par. The House amendment removed the limitation upon the sale or resale of such bonds at not to exceed par. The bill as agreed to in conference retains the provision of the House amendment.

Section 2 of the Senate bill contained a provision to the effect that in the appointment of agents and the selection of employees of the Home Owners' Loan Corporation no partisan political test or qualification should be permitted or given consideration, but that all such agents or employees should be appointed, employed, or promoted solely upon the basis of merit and efficiency. It was also provided that any member of the Board who was found guilty of a violation of such provision should be removed from office by the President, and that any agent or employee of the Corporation who violated the provision should be removed from office by the Federal Home Loan Bank Board. There was no corresponding provision in the House amendment. The bill as agreed to in conference eliminates the provision of the Senate bill.

Section 4 of the Senate bill extended the provision of existing law relating to the redemption or recovery of homes lost by foreclosure or forced sale, or by voluntary surrender to the mortgagee, so as to provide that the Corporation might act with respect to homes so lost within 3 years prior to the filing of an application with the Corporation to accomplish the redemption or recovery. The House amendment extended the authority of the Corporation in that respect so as to include cases where homes were lost subsequent to January 1, 1930. The bill as agreed to in conference retains the provision of the House amendment.

Section 7 of the Senate bill provided that bonds of the Home Owners' Loan Corporation which are guaranteed as to principal and interest might be deposited or pledged by member banks of the Federal Reserve System as security for 15-day loans from the Federal Reserve banks and that such bonds having maturities from date of purchase of not exceeding 6 months might be bought and sold by the Federal Reserve banks. The House amendment added a similar provision with respect to bonds or notes issued under the provisions of the Federal Home Loan Bank Act. The bill as agreed to in conference eliminates the House provision.

Section 9 of the Senate bill authorized the Home Owners' Loan Corporation to buy bonds or debentures of Federal home-loan banks and to make loans to such banks. The House amendment added a limitation that not to exceed \$50,000,000 should be invested or advanced for such purposes. The bill as agreed to in conference retains the limitation contained in the House amendment.

Section 10 of the bill provided for making the Secretary of the Treasury an ex officio member of the Federal Home Loan Bank Board. The House amendment and the bill as agreed to in conference eliminate this provision.

A new section was added to the bill by the House amendment eliminating the requirement of section 10 of the Federal Home Loan Bank Act that mortgages to be eligible as collateral for loans by the Federal Home Loan Banks should not be past due more than 6 months when presented. There was no corresponding provision in the Senate bill. The bill as agreed to in conference retains the provision proposed to be eliminated from existing law by the House amendment with a limitation that provides in effect that home mortgages may be so accepted as collateral even though they are past due more than 6 months if the amount of the debt secured by the mortgage is less than 50 percent of the value of the real estate with respect to which the mortgage was given as determined by the appraisal of the real estate at the time the mortgage was made.

Section 12 of the House amendment modifies the provision of section 8 (e) of the Home Owners' Loan Act of 1933 with respect to fees which may be charged in connection with

loans made by the Corporation. There was no similar provision in the Senate bill. The bill as agreed to in conference retains the House provision.

Section 13 of the House amendment added a provision to the Home Owners' Loan Act of 1933 requiring that payments of principal on loans made by the Corporation should be applied to the retirement of the bonds of the Corporation. There was no corresponding provision in the Senate bill. The bill as agreed to in conference retains the provision of the House amendment.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
ROBERT LUCE,
CARROLL L. BEEDY,

Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, there are only two substantial changes made in the bill by the conferees. On other amendments submitted by the House, conferees yielded.

The two changes are, first, one which eliminates a provision carried in the House bill making the bonds of the home-loan banks and the bonds of the Federal Farm Mortgage Corporation eligible for rediscount at the Federal Reserve banks. This action was taken because of the fact that these bonds were based upon long-term real-estate loans, and the conferees concluded that they should not be made rediscountable at the Federal Reserve bank. Bonds of the Home Owners' Loan Corporation are guaranteed by the Government and therefore stand in a different category.

Mr. BLANTON. Is there anything in disagreement between the conferees?

Mr. STEAGALL. There is no disagreement among the conferees.

Mr. BLANTON. Then there is a complete agreed conference report here to be voted up or down.

Mr. STEAGALL. Yes. The other point on which the House yielded was in an amendment to the original Home Loan Bank Act, which placed a limitation upon loans, one clause being that where mortgages in arrears for more than 6 months should not be eligible as a basis for rediscount by the home-loan bank. This has been amended in conference to provide that the exception will not prevail where the value of the property does not exceed 50 percent of its original appraised value.

Mr. Speaker, those are the substantial changes made in conference from the provisions of the House bill.

Mr. SNELL. Will the gentleman yield to me?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. SNELL. Mr. Speaker, I voted for this bill because I thought it was sound and a good way to help the country in obtaining a certain amount of credit extension, but I have been disappointed in the administration of the bill. My experience has been that it is practically impossible to get money on a loan, and there is too much redtape in its administration.

I have in mind at the present time a specific loan that I helped the man make out the papers for on the 11th of last September. This man's property has been appraised three separate times. Each set of appraisers has approved the loan. The last appraisal was on February 15, and at that time they said, "This is final, you are going to get your money." Up to day before yesterday he had not received a reply from the final appraisal.

It seems to me that there must be something wrong in the administration of this law if it takes so long to get a reasonably good loan out of this organization. I do not know what the gentleman from Alabama has in mind or whether he knows about the amount of redtape that is connected with getting one of these loans through, but certainly there ought to be some way that a man with reasonably good security, and where it is essential to the man making the application that he should get it before he loses his property. Does the gentleman know anything about the conditions throughout the country or how long it does take to get an average loan through?

Mr. STEAGALL. I may say to the gentleman that, of course, I have no knowledge of the individual application to which the gentleman has referred. It is impossible for Members of Congress to keep track of individual cases pending before the Home Owners' Loan organization.

Mr. SNELL. I do not mean individual cases.

Mr. STEAGALL. May I say to the gentleman that there was much work to be done in setting up this organization. It is a big institution, doing a big work, and I am glad to say that the corporation is doing the job in a big way.

There is no way by which a Government institution of this kind can avoid some degree of redtape. There is no way by which under an organization of this kind a citizen can ride up to the front door of an office and park his car or hitch his horse and go in and sign a mortgage for a loan and take the money with him. This is an impossibility. There never has been a Government-managed institution in connection with which there were not frequent complaints along the line of the one submitted by the gentleman from New York.

In this connection I may say, Mr. Speaker, that under the original Home Loan Bank Act, passed during the Hoover administration, after that law was in operation for nearly a year, up to June 1933, only \$50,000,000 in loans had been made. The new organization set up by the act of Congress of last year, under the present administration, in less than a year has lent approximately \$500,000,000 to more than 150,000 home owners who have been relieved and enabled to save their homes from foreclosure.

The corporation is now lending between \$35,000,000 and \$40,000,000 a week for the relief of home owners. They are lending in a week, under the present administration, under the recent act, almost as much as was lent by the original Home Loan Bank Board in a year, and I think the rate at which we are going may be said to be reasonably rapid and efficient. It only takes a moment's reflection to see that at the rate at which we are lending we shall soon exhaust the funds available, so the Board, of course, must use reasonable discretion.

Mr. SNELL. Perhaps some of the other organizations are more efficient than the one in the State of New York, but I may say to the gentleman that the head of the New York organization is Vincent Dailey, the special assistant to the Postmaster General. He has been the head of the organization, so far as I know, since last fall. I have heard considerable complaint, and I do not mean complaint for political reasons, but complaints from the people, to the effect that it has been impossible for them to get a loan through the Home Loan Corporation.

Mr. STEAGALL. It has been impossible, as a general rule, to take care of the applications as fast as they have come in. This is necessarily so, and, in my judgment, will continue to be so.

Mr. COCHRAN of Missouri. If the gentleman will yield, in the case the gentleman from New York [Mr. SNELL] refers to, has the mortgagee agreed to accept the bonds?

Mr. SNELL. He has done everything they have asked him to do and the property has been appraised three times.

Mr. COCHRAN of Missouri. I submit if that has been the case there should be no delay, and there is no such delay in my own State. As soon as the mortgagee agrees to accept the bonds and the appraisal has been passed upon, if it is within the law, there is absolutely no delay in my State.

Mr. SNELL. We have had delays all the time and there has been a great deal of trouble in getting any money from the organization.

Mr. COCHRAN of Missouri. The only delay I know of has been caused by the mortgagee's not agreeing to accept the bonds, because they are not guaranteed by the Government. They are now so guaranteed and are selling above par and this should expedite the matter. The gentleman, I am sure, will recall when the original bill was pending I offered a motion which was defeated that sought to guarantee the bonds as well as the interest. I renewed my efforts to guarantee the bonds last June, and if that had been done

thousands of homes would have been saved. You are simply doing today what I tried to do on two occasions and I am sorry to be required to say that the members of the gentleman's party opposed my amendments.

Mr. CARTER of California. If the gentleman will permit, I may say to the gentleman from Missouri [Mr. COCHRAN] that in my particular city of Oakland in the State of California the home-loan office was opened about the middle of last August. The place was flooded with applicants. Many of the mortgagees agreed to accept the bonds. On the 27th of November I checked up the office, and not one single loan had been completed up to that time. I telegraphed the President of the United States on that day asking him if he could not do something to expedite the work of passing these loans, and he referred my letter to the home-loan office here. And in due time my telegram was answered. I want to say that my statement here is no reflection on the management of the office at Oakland, Calif. I know the man in charge there, and he is a good, loyal Democrat to be sure, but I believe he has been doing his utmost to get these loans through, but they were lodged somewhere else.

Let me say further that notwithstanding the numerous complaints that have been made about the situation there, a few days ago the Representatives from California received numerous wires from individuals who were interested, complaining that the same condition, in large measure, still exists, and the home owners were losing their homes. The matter was taken up here with Mr. Delano, who has taken steps, I believe, effective steps, to remedy this situation; but I sincerely trust a little more speed or expedition in passing on these loans will be shown in the future than has been shown in the past, particularly in the State of California. [Applause.]

Mr. STEAGALL. Mr. Speaker, let me say to the gentleman that speed is not the only thing desired or contemplated under this legislation.

If the Board had nothing but speed in mind, it would be easy to dish out this money to those who come first, but it is important that the Board take time to go properly into each individual application in order that the funds of the Government may be devoted to the purposes for which they were intended and that loans made may inure to the benefit of home owners who are in danger of losing their homes and having their families turned into the streets and highways. The law should be administered with sufficient care to carry its benefits to worthy applicants for whose benefit the law was passed, and not for mortgagees who are only interested in making collections.

There were plenty of mortgagees over all the country anxious to exchange their mortgages for bonds, either with or without Government guaranty. There has been a rush on the part of mortgagees to take advantage of the benefits of the legislation. I feel sure that the Board is undertaking to carry out the purposes of the law. I now yield to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Let me say that, in my judgment, there is not a Government department that has been rendering more efficient and diligent service than the Home Loan Bank Board. In my own State we have an efficient organization, and they have made quite a record. I think that is generally true throughout the country.

There are individual cases in my district where there has been considerable delay, as stated by the gentleman from New York, but in every instance there has been a good reason for such delay, involving questions of title, questions of value, and other questions which, as the gentleman from Alabama has well said, require the attention of local officials, and in many cases the Home Loan Bank Board here, in order to carry out the purposes of the law, which is to guarantee, or, rather, to protect, the home owners from foreclosure. At the same time there is a responsibility resting on those in charge of this activity to see to it that the United States Government is reasonably and properly protected. I am glad to say this much concerning the Board and its efficient organization.

Mrs. GREENWAY. If the gentleman will yield, I cannot help but feel that this must be a matter of local management for the reason that in Arizona there is no institution of the Government that has been acting with greater efficiency and in a more helpful way than the home-loan institution.

We had, at first, very much the same paralysis, but now that has been relieved, and they will reopen a case that has once been turned down and reconsider it. We have been getting wonderful results and I cannot help feeling that this matter is due to local management.

Mr. CARTER of California. Regardless of whether the trouble is due to local mismanagement, the home owner is losing his home. It may be temporary paralysis in my State, but I fear it will become permanent.

I am just as solicitous as is the gentleman from Tennessee about seeing that these loans are made so that they will protect the Government of the United States. But I do submit to the gentleman from Tennessee and to the distinguished Chairman of the Committee on Banking and Currency that when home owners have filed their applications in August and until the 27th day of November not one of them has been approved there is fault somewhere. It may be local inefficiency; but, regardless of what it is, I hope in the future that this clogging up will be done away with.

Mrs. GREENWAY. All I can say is I think we should all help the gentleman, if that is the case.

Mr. CARTER of California. I thank the gentlewoman from Arizona very much.

Mr. FITZPATRICK. Mr. Speaker, in answer to the gentleman from New York [Mr. SNELL], under the previous administration we had a former Member of this House from New Jersey, who was manager of the Home Loan Corporation for the State of New York, or at least, the city of New York. I do not know of one loan that was granted during his administration. During the last 8 or 9 months we have had thousands granted in our city and in the suburbs of the city, while during the previous administration I could not find one loan that was granted under that former Member of this House.

Mr. SNELL. As I understand it, the conditions were entirely different at that time from what they were later. The legislation was entirely different. At that time the whole thing was new and there was no organization, but at the present time they are supposed to have an organization.

Mr. FITZPATRICK. No; that was for taking care of mortgages. There was not a home saved in our State during the previous administration.

Mr. SNELL. I am not criticizing from a political standpoint, but I think the time has come when we should get more action through well-organized loaning agencies in our State.

Mr. FITZPATRICK. We are getting more action and real action where we are entitled to it.

Mr. SNELL. Your own appraisers say it is all right, and why cannot we get the money?

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Massachusetts.

Mr. LUCE. To say to the gentleman from New York [Mr. FITZPATRICK] that what he is referring to is the conduct of the Home Owners' Loan Corporation, which was not yet created, the bill not having been passed until the present administration came into power.

Mr. FITZPATRICK. Yes; it was passed in the previous administration.

Mr. LUCE. Oh, no.

Mr. FITZPATRICK. And it was in effect for over a year.

Mr. SNELL. It is an entirely different proposition.

Mr. LUCE. The Home Owners' Loan Corporation is a product of this Congress.

Mr. STEAGALL. Under the Home Loan Bank Act of the former administration, not \$50,000,000 was loaned. Of course, the purposes of the legislation were identical.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. COLDEN. In southern California, where I observed the opening of these offices in Los Angeles, an office was established where probably 20 people were taking applications, and people were lined up for a block long on the street outside. After those applications were made, it was some weeks before appraisals were made, and there were thousands of those applications in that office, and it necessarily takes a lot of time to clear up and make the appraisals on those applications.

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LEE of Missouri. In Joplin, Mo., where I live, we had commissioners there, Judge Kelsey Norman and John Stauffer, and they made loans to the number of about 900. No person in my congressional district has lost his home since this law went into effect. I wired President Roosevelt on two or three occasions where loan companies had sold people's homes, and every one of the sales was stopped, and they took these bonds, and the homes have been saved to the people; and I say to you gentlemen on the other side of the aisle who are complaining, when did you ever pass a law to save the home of any farmer or town man in this country where you saved it, and what did you do during the 60 years that you were running this Government?

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ADAMS. I rise to say to the distinguished minority leader from New York [Mr. SNELL] that the little State of Delaware has the edge on the great State of New York. There have been no complaints or criticisms whatsoever in my State as to the manner in which the Home Owners' Loan Corporation has functioned and is functioning. I will admit that it took a few weeks to get started. There were numerous applications. It took a short period of time for the officials to become acquainted with the provisions of the law and as to how it should be administered in fairness to the borrower as well as the Government.

The State manager, Mr. Thomas B. Young, a very capable and energetic realtor, and his complete office force in each of the counties have been very industrious. They have rendered good service. Many loans have been made and foreclosure proceedings stopped. The H.O.L.C. has been a very valuable agency for the salvation of the homes of many of my constituents.

I am very happy to be privileged to make this observation.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LANHAM. Was it not perfectly natural and to be expected that there would be some delay in functioning where new machinery was being instituted and the personnel had to be selected and instructed in their respective duties? The reference of the gentleman from California [Mr. CARTER] was to the effect that the organization in that State began in August and that there had been no loans made in November. Was there not a necessary delay in the organization of the new machinery and in acquiring and instructing the personnel in their duties?

Mr. STEAGALL. Certainly.

Mr. FORD. Mr. Speaker, I desire to comment on the situation that has been referred to regarding the operation of the home-loan office in California. I call the attention of the gentleman from California [Mr. CARTER] to the fact that in southern California we have no such condition as he describes in Oakland, Calif. There was, however, in the first few months a condition in California brought about by the fact that our title situation is a peculiar one. We have title companies there that pass on these titles, and it takes time to iron out legal technicalities so that the owner can give a title to property under the conditions that the Government has laid down.

That is a situation that probably does not exist in many other States, and I am very certain that the number of loans that have been granted in southern California are comparable to those in other sections of the country in promptitude and in efficiency. I know of a dozen cases where applications were reopened after having been turned

down by one appraiser. A different appraiser was sent out, and the loan was finally put through. There is no warrant at all for the statement that the Home Loan Corporation has not functioned efficiently, at least in southern California, because I know of my own knowledge that it has.

It is true that many loans have been applied for where the property, by reason of its character, would not qualify under the terms of the act. But I know of no instance where the mortgagee was willing to take the bonds and the property stood up under an appraisal where a loan has not been granted promptly.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Speaker, of course there are varied types of reports to be made on the functioning of this corporation. In the first place, the organization had to be set up, and when it was set up about the only thing it had with which to make loans were bonds. The principal of these bonds was not guaranteed by the Government, although the interest was. Consequently, every mortgagee to whom the bonds were offered was not always ready to take them; they had to make some investigation; they had to determine whether or not the bonds were worth while. So there was a slowness on the part of the people to whom these bonds were offered to exchange perfectly good mortgages for the bonds. The bonds did not take so readily.

So we came on down to the time when it was perfectly apparent that the institution could not function unless the bonds were guaranteed by the Government, and that is the cause of this particular move. Just as soon as the Government began to show that it would likely get behind the bonds they began to rise in price. Now that the Government guaranty of the principal of these bonds is to become a reality, the situation will be satisfactory.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. COCHRAN of Missouri. The gentleman's speech clearly demonstrates that had the owners of the house voted for my amendment at the time the original bill was considered as well as at the time the second bill was considered the principal of these bonds would have been guaranteed and there would have been none of this difficulty and delay. The gentlemen on the Republican side who are now complaining were among those who voted against my amendment.

Mr. BUSBY. Now I understand that the Members understand that in many sections of the country there was created a condition by the set-up, and of the personnel, which afforded just cause for complaint; but this condition is being straightened out.

I shall make one further observation and then yield the floor. We have in this bill proposed an amendment which makes it possible for those who lost their homes by foreclosure sale or by any other forced method or who had to surrender title to their property to the mortgagee to become eligible for a loan, providing the separation from their property was after January 1, 1930. Instead of providing 2 years from the date of the application, we now go back to a fixed date, January 1, 1930; all persons who have been deprived of their property under a mortgage foreclosure or like condition are, by the provisions of this bill, made eligible for a loan just like the others who are in possession of their property.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield for a question?

Mr. BUSBY. I yield.

Mr. DIRKSEN. I do not believe that the gentleman has strictly interpreted the cause for the delay when he assigns as the reason the fact the bonds were not guaranteed as to principal. The experience of the branch offices is that when a man makes an application, the manager or someone there in authority tells the applicant that he must first of all secure the written consent of the mortgagee to accept the bonds. The application is not worth the paper it is written on unless it is accompanied by the consent of the mort-

gagee. Now, that is not the moving reason for the delay; and that is not the reason why only 1,047 loans were made on 68,000 applications in the State of Illinois during 8 months' operation.

Mr. BUSBY. Mr. Speaker, I believe the gentleman's statement clearly shows that that is the reason why the plan did not work out; the manager would not accept the applications unless they were accompanied by a written agreement on the part of the mortgagee to accept the bonds, bonds that were not guaranteed by the Government.

We have available \$2,000,000,000 of money with which to take care of \$15,000,000,000 or \$18,000,000,000 of eligible applications. It is an impossibility, of course, to take care of \$15,000,000,000 of loans with \$2,000,000,000 of funds unless the funds are increased. But I believe the thing pointed out by the gentleman from Illinois illustrates what I said, that it was due to a lack of confidence in the bonds and a knowledge that in many instances the bonds could not be applied on the mortgage.

Mr. DIRKSEN. That is not true so far as our own situation is concerned.

Mr. BUSBY. If the gentleman from Illinois will permit, I may say that practically everyone who has spoken on this subject this morning has spoken from the local point of view and not on the general principles involved. We are trying to make reports on our own particular towns and communities so that it will appear that we are interested in their welfare, as we ought to be; but I am speaking generally about the application of the principle, and I do not care to get into those local situations which ought to be corrected.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Speaker, I agree in large part with the remarks of the gentleman from Mississippi as to the reason for the delay in getting this corporation into operation. Until the time when it appeared that the principal of these bonds, as well as the interest, would be guaranteed by the Government, they ranged in price from 80 cents to 85 cents on the dollar.

It is perfectly apparent that a business man when he has a loan on a man's property secured by a first mortgage for 50 percent of its value is not going to turn over a 100-percent security for an 85-percent security; so that it recurs to the question of not only determining titles by abstracts, determining procedure and the personnel of the various officers and setting up of new machinery, but it comes back to the very question that was under debate in this House on the 28th of last April when the original Home Owners' Loan Corporation Act was under discussion and debate in the House. On that date I offered an amendment substituting the words "direct obligations of the United States Government", in lieu of the words "instrumentalities of", which would have guaranteed both principal and interest of these bonds. The phrase "instrumentalities of" was merely a high-sounding deceptive expression, while the words of my amendment had meaning. The amendment was defeated by a very marked vote. As a result, the matter has been delayed.

May I venture the prediction that since the Government has guaranteed these bonds, and they are now around 100 cents to the dollar, there will be no more delay. May I make this further observation: If we had speeded the thing up and lost a few million dollars on the transactions, there would have been more condemnation on the floor of the House for losing that money than there has been here today because of the fact that they have not speeded up the program of loaning more money.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Speaker, I can report for the State of Indiana that Mr. E. Kirk McKinney is doing a good job and we are not having many complaints at this time. I talked with a competent business man in my home town, Mr. Walter H. Sherrill, who is appraiser for the home-loan

bank, and he tells me that because of delays which were beyond their control it took several months to get started. He is a very competent, high-class business man. He pointed out good reasons why they could not get under way for some months, but stated that they are going in high gear at this time and that loans are being closed rapidly and are augmented daily.

The Members of this House know that it is impossible to select 100 men and to have all of these 100 men 100 percent efficient. There are bound to be instances where you select someone who is not 100 percent efficient, and this may account for some of the delay in some sections. I am sure Mr. McKinney is doing a good job in my State, and the local boards in my district are excellent men and rendering the best service possible. They are saving hundreds of homes for distressed home owners in the Ninth Indiana District.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Speaker, as the gentleman from Alabama stated, approximately \$500,000,000 has been loaned to distressed home owners of this country, but in addition to this many thousands of distressed home owners have been aided materially by the very existence of this act, by its operation, and by the fact that they have applications pending to refinance their homes. A great good is being accomplished by the Home Owners' Loan Corporation, which in its work will be the greatest corporation in this country.

I come from Ohio, representing that State at large. In Ohio we have made the most outstanding record of all. In our State Henry G. Brunner, formerly chairman of the Democratic State executive committee of Ohio, was designated as State administrator. Under his authority at the present time approximately \$80,000,000 has been loaned to more than 30,000 distressed home owners in our State. I can sympathize somewhat with the statement of the distinguished minority leader because, with the exception of Illinois, the record made by the State of New York and by the administrator of the Home Owners' Loan Corporation of New York is the worst of the entire country.

May I refer to the record? In Ohio during the month of February 1934 there were 520 salaried field employees of the Home Owners' Loan Corporation. These 520 employees closed more than 7,000 loans. The average time it takes to close a loan in Ohio is 30 days from the date of the application.

In New York State during February there were 760 field employees, and those field employees closed only 1,286 loans, as against the 7,098 loans closed by the 520 Ohio employees.

Mr. COCHRAN of Missouri. How about California?

Mr. YOUNG. In other words, in Ohio in February of this year three field employees closed 40 loans during the entire month. In New York State one field employee closed 1.69 of a loan, and in Illinois the situation is even worse. In Illinois 442 salaried field employees closed only 181 loans. In other words, it took three employees in the State of Illinois of the Home Owners' Loan Corporation to close one loan in the entire month. In Ohio, under the administration of Henry G. Brunner, with the fine organization and the efficient work of that organization, the loans of the Home Owners' Loan Corporation are costing the Government an average of \$14 a loan. In New York State the loans are costing the taxpayers of this country \$122 a loan.

Mr. HASTINGS. What does the gentleman mean by the word "closed"?

Mr. YOUNG. By the word "closed" I mean an application has been made, the loan has been absolutely completed, and the money paid to the home owner.

In Ohio \$88,000,000 has been paid to the home owners during the period of its operation. In New York State only \$15,000,000 was paid to the home owners in the same time, and in Illinois about \$4,000,000. In Ohio the record is outstanding. In New York State and in Illinois the work of the Home Owners' Loan Corporation is indeed the joker in the new deal.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I greatly deplore the conditions which exist in Illinois. The Members from Illinois have endeavored to bring about better cooperation and more speedy action on the part of the Administrator in the State of Illinois. Within the last 3 weeks the Members from Illinois have waited upon Mr. Fahey, chairman of the corporation, as well as some of the members of the board. We have been assured that the red tape and the delay in Illinois will be eliminated and that henceforth a better service will be forthcoming to the 38,000 applicants. We, of course, deplore exceedingly the fact that we are behind other States in obtaining relief to the people.

Mr. O'BRIEN. Will the gentleman yield for a question?

Mr. SABATH. I yield to my colleague from Illinois.

Mr. O'BRIEN. Is it not a fact that Illinois is in the hands of a Republican manager at this time?

Mr. DIRKSEN. I do not believe that is proper.

Mr. SABATH. I do not know. It is charged that the one in charge of this important work in Illinois is a Republican, but I do not know. I am looking to the main administration here, and we have been assured of real action and that it will look into the matter and see to it that justice is done in Illinois.

I serve notice now that unless we secure the same treatment in Illinois that has been accorded to other sections and to other States, the corporation will hear from us in no uncertain terms. We will not tolerate existing conditions any longer.

Personally, I think this law has accomplished wonders and has saved hundreds of thousands of home owners. This was the intention of the administration, but, unfortunately, I repeat that this has not been the case in Illinois. However, we will shortly ascertain the underlying reason for the unnecessary delays in our State.

Mr. DIRKSEN. I would like to have the gentleman from Illinois yield to me for an observation. Did we not get the same assurance from the corporation when they kicked out Mr. Donne, but conditions have not improved. They are now seeking to avoid responsibility by saying that Mr. Zander, the present manager, is a Republican, when you gentlemen know that he is a Democrat. I want to ask the gentleman from Illinois whether he will endorse my resolution asking for a house cleaning and an investigation of the entire Illinois situation.

Mr. SABATH. In answer to the inquiry of my colleague [Mr. DIRKSEN] let me say this: As I have stated before, I have had several conferences with Mr. Fahey and members of the Board here in Washington. I will have another conference with Mr. Fahey within a day or two, and I shall ascertain from him the underlying reasons for the delay in action on loans in our State, and, whether Mr. Zander is charged as a Republican or a Democrat, if facts warrant, I assure the gentleman that I will give my colleague's resolution early consideration and seek to effect the investigation which he favors; but I am not willing now to favor an investigation that will retard the efforts which are, I am given to understand, under way.

We must not embarrass the corporation in any steps it may be taking to cure this regrettable condition, because to do so would only react most unfavorably to our own people by causing further delay in considering and granting loans. Let us give the corporation its due chance.

Mr. STEAGALL. Mr. Speaker, it is perfectly apparent that the discussion has ranged far beyond anything that may be involved in the conference report.

It has been a pleasure for me to yield to gentlemen who desired to make observations in reference to this general matter, but in view of the fact so much time has been consumed, I now move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

AMATEUR BOXING IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the conference report on the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend, and do recommend, to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

On page 3, line 7, of the House engrossed amendments, strike out the word "amateur"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill; and agree to the same.

MARY T. NORTON,
VINCENT L. PALMISANO,
JAS. L. WHITLEY,

Managers on the part of the House.

WILLIAM H. KING,
ARTHUR CAPPER,
ROYAL S. COPELAND,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 1 of the Senate bill contained a direct prohibition against the voluntary engaging in the District of Columbia in a pugilistic encounter and provided a penalty of imprisonment for not more than 5 years for a violation of this prohibition. The term "pugilistic encounter" was defined by the bill so as to include generally any fistic meeting commonly embraced within the term "prize fight." The remainder of the bill was devoted to the supervision and control of amateur boxing in the District, through the establishment of a boxing commission for that purpose and provision for permits for the holding of boxing exhibitions and licenses for engaging therein. Provision was made authorizing charges to be made for such permits and licenses sufficient to defray the expenses of their issuance and other necessary expenses of the commission. Requirements contained in the Senate bill as to the conduct of boxing exhibitions were as follows: (1) Exhibitions to consist of one or more bouts, but no bout to continue for more than four rounds; (2) no round to exceed 3 minutes; (3) an interval of 1 minute between rounds; and (4) contestants to use gloves of not less than 8 ounces in weight. Penalties for violations of the act and rules and regulations of the commission were also provided for.

The House amendments serve to change the fundamental principle of the Senate bill in that they specifically authorize boxing in the District regardless of its amateur or professional nature. In keeping with this purpose the House amendments omit the first section of the Senate bill and substitute throughout the remainder of the bill the language necessary to give the commission general power over all boxing in the District, and makes reference to amateur

boxing only in subsection (b) (1) in which the commission is given power to cooperate with organizations engaged in the promotion and control of amateur boxing. The limitation on the duration of boxing bouts is removed by the House amendments and no substitute limitation is contained therein. The general form of the Senate bill, together with such provisions as do not conflict with the theory of the House amendments, are retained in the amendments. The Senate recedes.

The House amendments propose to amend the title so as to read: "A bill to authorize boxing in the District of Columbia, and for other purposes."

The Senate recedes.

MARY T. NORTON,
VINCENT L. PALMISANO,
JAS. L. WHITLEY,

Managers on the part of the House.

Mrs. NORTON. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

COMMITTEE ON INDIAN AFFAIRS

Mr. HOWARD. Mr. Speaker, by direction of the Committee on Indian Affairs of the House, I ask unanimous consent that the Committee be permitted to sit during sessions of the House for the next 10 days.

Mr. WERNER. Mr. Speaker, I object.

Mr. HOWARD. Mr. Speaker, I move that the Committee on Indian Affairs of the House be permitted to sit during sessions of the House for the next 10 days.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

DISTRICT OF COLUMBIA APPROPRIATION BILL, FISCAL YEAR 1935

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9061) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such district for the fiscal year ending June 30, 1935, and for other purposes; and pending that, may I ask the gentleman from Pennsylvania [Mr. DITTER] if we can reach an agreement to close debate this afternoon?

Mr. DITTER. Mr. Speaker, I would suggest that we should have at least two and a half hours of general debate. I have requests for approximately an hour and a half or two hours on this side.

Mr. CANNON of Missouri. Then it will be agreeable to the gentleman for us to run along and close debate tonight?

Mr. DITTER. Will that be with the assurance that there will not be any other conference reports brought up?

Mr. BLANTON. They are subject to be brought up at any time.

Mr. DITTER. I realize that. My only purpose is to try to allot the time to the gentlemen to whom I have promised time, and if we are confronted by the consideration of conference reports, I shall want to reduce the time I have tentatively allotted the gentlemen.

Mr. CANNON of Missouri. Then it is understood that we may run along and close general debate tonight and read the bill tomorrow?

Mr. DITTER. If the gentleman will yield further, it is understood that the debate this afternoon is to be general debate.

Mr. CANNON of Missouri. Yes.

Mr. HASTINGS. It is understood that the debate will be concluded tonight, and we will proceed during the remainder of the day with general debate on the District of Columbia appropriation bill and at the conclusion of the ses-

sion today general debate will be concluded and we will read the bill tomorrow?

Mr. CANNON of Missouri. Yes.

Mr. Speaker, I ask unanimous consent that general debate on the bill be closed when the House adjourns tonight, and that the time be equally divided and controlled by the gentleman from Pennsylvania [Mr. DITTER] and me.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Missouri.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 9061, the District of Columbia appropriation bill, with Mr. SEARS in the chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I yield 15 minutes to the lady from New Jersey [Mrs. NORTON].

Mrs. NORTON. Mr. Chairman, so much has been said and written with regard to the tuberculosis hospital that I decided to get the facts in the case by doing a little personal investigating.

While the story told in the press during the past few weeks led me to believe I would find bad conditions, I was not prepared for what I saw. In order to bring this picture before you of the suffering endured by these unfortunate victims of tuberculosis, crowded into an insanitary hospital, I shall merely give you the facts. If you find it difficult to believe that such conditions can exist in the most beautiful city in the country, then I beg that you call at the hospital and see for yourself.

This matter was brought to my attention because of a provision in the District appropriation bill calling for a tax reduction of 30 cents—from \$1.50 to \$1.20 a hundred. With every other city finding it necessary to increase taxes, it seemed amazing that Washington could lower the tax rate, particularly as it now has the lowest tax rate of any city of its size in the entire country. The answer is simple if one takes into consideration the few improvements that have been made in hospitals, schools, for sewage disposal, and various other necessities; and it is safe to say that in no city where men and women are elected to office by its citizenry would such conditions be tolerated. What I saw convinces me that the people of the District should have at least elected Representatives in the Congress of the United States to see to it that they receive a square deal.

While it is true that Members of Congress and particularly those on the District appropriations and legislative committees try to be fair and just in consideration of bills before them to benefit the District, it is equally true that every member of those committees has an entire home district to represent, and it is difficult to give the time to District legislation that in all fairness to the voteless people of Washington should be given. That has been particularly true during the past few years of stress and trouble. Therefore, I wish to state at the outset that it is in no spirit of criticism of the Appropriations Committee or its able chairman, for whom I feel a great respect and affection, that I shall attempt to bring before you the reasons why the taxes in the District should not be reduced. Instead of being reduced, I expect before this session of Congress is ended to come before you to plead for a bill that will grant permission to the Commissioners to borrow a sufficient amount of money from the R.F.C. to enable them to start some very badly needed improvements to safeguard the health of the people living here. I have not sufficient time to present the necessity for all of these improvements but hope in the time allotted me to present a picture of misery that will compel every Member of this House to become interested in the subject.

The bare facts are these:

A tuberculosis hospital, erected 30 or more years ago, which was supposed to be merely a wing of what was to be the finished hospital, providing shelter for 220 men and

women, white and black, in a space that would be crowded to provide for 100. Three wards are filled with colored people, five wards with white people. In one ward I found 28 people crowded into a room about 20 by 40 feet—just about sufficient space between the beds to walk—one chair upon which the patient's clothing was kept, there being no room for a closet. This ward was provided with 1 bath, 1 shower, 4 basins, and 3 toilets, and the only recreation room for the ward was the square around which was grouped the toilets, basins, bath, and so forth. I found a card table in this space and a few patients playing cards.

Another ward, 22 by 40, contained 29 beds, all filled; still another, 22 beds; 28 in another packed in; no recreation room anywhere. A few outside porches are located in various parts of the building but these are all filled with beds so that they could not be used as recreation rooms. There are no examining rooms in the entire building. The operating room is poorly lighted. They have a very old X-ray machine which could not be used for a patient reclining, he would have to stand to be X-rayed. This, of course, is a great hardship on a very sick patient.

There are no private rooms available for operative cases. Until recently there was only 1 resident doctor, and he now has 1 assistant. There is 1 student interne; 16 nurses, 12 of whom are on days, working 10 hours, relieving one another for the other 2 hours. Four of the 16 are on nights with 12-hour shifts. There is a small, inadequate kitchen on each floor. There is one small room for nurses, about 8 by 8 feet. Four orderlies and doctors are all compelled to use the same bathroom, in which there is one toilet. There are no mechanics on the premises, but there is 1 engineer on nights and 2 during the day. They must take care of electric work and practically everything that must be done. Too great praise cannot be given Dr. Peabody and his small staff. How it is humanly possible for them to live and serve under existing conditions it is difficult to imagine. They are doing a noble work, and those responsible for such conditions should bow their heads in shame. In the most primitive town nothing would be found that is worse. There are 12 tiny shacks on the grounds of the hospital. These are used by the patients on the road to recovery. They are built of sheet iron, heated with a stove in winter, and very cold. In the summer, with the burning sun of Washington shining on them all day, they are absolute places of living torture. There are no toilet facilities in these huts, and the patients must travel to the main building on cold winter nights. Such conditions would be bad for well people, but absolutely cruel for sick people.

I found but one tuberculosis clinic in the city and that had no relation to the hospital. The hospital is under the public-welfare board of the District government and the clinic under Dr. Fowler, United States Health Service. There is now no place to send children suffering from TB. There are about 150 children now attending the so-called "health school", and it is expected that these will be sent to the new children's hospital when it is completed. I understand that this is about the capacity at that new hospital, so that there will still be no place for the hundreds of TB subjects over all Washington. These children should be cared for immediately. It is absolute cruelty to allow poor children to suffer and die for want of proper care in any community, much less a community of wealth and refinement. This is a city of marble buildings to carry on the functions of Government and the most precious asset the Government has must suffer because of the carelessness and indifference of those responsible for their well-being.

In my city, Jersey City, a modest city compared with Washington, we consider our greatest asset the health of the community. Our bill for hospitals for the poor is the largest one we have to pay but the people in that city have never objected to paying their part of a tax bill to give comfort to the poor. Nor do I believe that the people of Washington would object to doing their part if the necessity were properly presented to them. I have said and I repeat that I do not believe that the people of Washington want their taxes reduced at the price of human misery.

Just a few short weeks ago these people responded with enthusiasm to the call of Georgia when it was explained how important it was that proper facilities be built at Warm Springs to relieve suffering children. Children are much the same the world over and I feel confident that once the attention of the people of Washington is called to the cancer in their midst they will respond and serve notice on the legislators that they are unwilling to accept a reduction of 30 cents in their taxes when that money is spent to alleviate suffering and bring to the lives of hundreds of unfortunates relief they are in need of to give them a chance to live.

Mr. McDUFFIE. Will the lady yield to me?

Mrs. NORTON. Gladly.

Mr. McDUFFIE. Speaking of taxes, in view of the fact that taxes are lower in this city than anywhere else in the United States—

Mrs. NORTON. I mentioned that in the beginning of my statement.

Mr. McDUFFIE. Does not the lady think, in view of the fact that we have spent hundreds of millions of dollars for the beautification and improvement of the city, a city where the tax rate is lower than in any other city in the United States, that the citizens of Washington themselves should spend some of their own money to provide the improvements which the lady speaks of?

Mrs. NORTON. I think they would be glad to do so, but they are not permitted to use their available funds.

Mr. McDUFFIE. Does the lady think that the Government should spend \$20,000,000 for that purpose?

Mrs. NORTON. Not \$20,000,000, but \$2,000,000, to take care of this hospital.

Mr. BLANTON. If the lady will yield, I do not think the gentleman from Alabama should be uneasy about the \$20,000,000. That is a newspaper report.

Mr. McDUFFIE. I understood it was to be reported out.

Mr. BLANTON. It might be reported out, but does the gentleman think the House would pass a bill like that? I do not think it would.

Mr. McDUFFIE. I have no objection, of course, to Congress doing what it desires, but in a time like this it occurred to me that it was a pretty large expenditure to take out of the Public Treasury.

Mr. BLANTON. That was mere newspaper propaganda.

Mrs. NORTON. I think the gentleman will find that it is not newspaper propaganda. The Congress will decide that question. We intend to bring the bill in, to cover many necessities, in justice to the people of the District of Columbia who have been handicapped with no Representative either in the House or the Senate.

Mr. WEIDEMAN. Will the lady yield?

Mrs. NORTON. Gladly.

Mr. WEIDEMAN. In response to the gentleman from Alabama, as far as my experience on your committee has been, I find that the people of the District do want to spend their money for better schools and better hospitals, but they have been handicapped in the past. I believe that they should have a Representative in Congress.

Mr. BLANTON. And does the gentleman think the District of Columbia should have two Senators at the other end of the Capitol?

Mrs. NORTON. As an example of what can be achieved through proper cooperation of the administration in order to eliminate the stigma of Washington having the fourth highest death rate from tuberculosis in the country, I shall quote what was accomplished in my county.

The CHAIRMAN. The time of the lady from New Jersey has expired.

Mrs. NORTON. Mr. Chairman, I ask for 5 minutes more.

Mr. BLANTON. The gentleman from Missouri has stepped out for a moment, and I take the liberty of yielding the lady 2 additional minutes.

Mrs. NORTON. In 1907 our death rate was 204 per hundred thousand, and today it has dropped to 52 per hundred thousand. Infection among children exposed to tuberculosis in tubercular families in 1910 was 80 percent. Today it is 44 percent. These figures are based upon the study of approxi-

mately 9,000 children tested in our clinics in the last 2 years. This is clearly owing to scientific study and cooperative effort.

In order to combat tuberculosis effectively, adequate hospital provision must be supplemented by TB clinics or dispensaries, augmented by visiting nurses, all of which are absolutely necessary to definitely control the tuberculosis problem.

My dear colleagues, I have gone deeply into this subject because of a conviction that deaths from tuberculosis can be held to a minimum, and because I believe those of us who have the power to assist in this great humanitarian problem and fail to do so shall be called upon to answer to God for our neglect.

In discussing this question I am reminded of an incident of my childhood, when a bereaved mother came to my home to seek comfort from my mother. She had lost six lovely children—all she had—through lack of knowledge and care. Little was then known of how to combat the disease, and when it struck a family death seemed inevitable. Today, thanks to the marvelous work of scientific men and women, cures are made permanent and fewer little caskets are carried from the homes of the poor. God grant the day may come when Washington will join the ranks of those other progressive cities in preventing tuberculosis.

Mr. Chairman, I call attention now to a report from the Medical Society of the District of Columbia. It was presented on February 21, 1934, and contains a study made by the Medical Society in respect to the matter of tuberculosis in the District. That report reads as follows:

The subcommittee on tuberculosis of the Medical Society of the District of Columbia presented their report on the facilities for the treatment and prevention of tuberculosis in the District. This report and the recommendations attached were accepted by the society on February 21, 1934. The study showed clearly:

That the organized profession here, as represented by the Medical Society of the District of Columbia, has not taken an active interest in the problem of tuberculosis in the District, but that no request for the backing or cooperation of the society in this problem has ever come from the Board of Commissioners, the board of public welfare, the Health Department, or the officials of the institutions where tuberculosis is taken care of. Partly as the result of this, there is no coordination of the various agencies having to do with the control of tuberculosis here.

That Washington has the fourth highest death rate from tuberculosis among the cities of this country—124.6 per 100,000 in 1933—and that this rate has risen each year for the past 4 years, whereas the death rate in all comparable cities has decreased; this in spite of a generally better economic situation and less crowded conditions than in any other large city.

That Baltimore with the same climate and almost the same percentage of colored population and with a much worse economic situation has steadily lowered its death rate to 90 per 100,000—34 per 100,000 less deaths than here.

That there are here no sanatorium facilities for hopeful cases, and that Washington is the only community in this country which has no sanatorium for hopeful cases of tuberculosis. Every State has from one to six sanatoria.

That the existing institutions, notably the tuberculosis hospital, the temporary wards at Gallinger, and the tuberculosis clinic, are understaffed, unbelievably overcrowded, starved for funds, and not run in accord with modern ideas for the care of tuberculosis.

That there is no provision for the care of tuberculosis of the bones and joints or the kidney, or other surgical types of tuberculosis.

That with 738 reported cases (1933) it is estimated there are almost 6,000 cases in the District. These figures exclude Government hospitals.

That with 1,197 recorded cases of tuberculosis in children, there are now 25 beds for children with tuberculosis in the District.

That there is practically no check-up of contacts and of exposed persons whether adults or children. Six nurses are assigned to this work, as against Baltimore's 119; therefore, the spread of the disease is not checked at its source, i.e., the infected person.

That the just-completed children's sanatorium lacks, on account of economy cuts, any facilities for the use of the roof as a solarium and, as limited by economy measures, is only large enough to be filled as soon as it is opened.

That adequate hospital beds (we have less than one half bed per death, with 621 deaths last year), adequate nursing service for follow-up, and for study of contacts, and adequate clinic work, all conducted on the highest professional plane, are the essential elements in successful campaigns against tuberculosis—and that we have none of them in the District of Columbia.

After reading this report, I feel absolutely certain that you will join with me in bringing before the Congress our obligation to those poor patients stricken in that hospital, lying

there day after day, without proper care which they should have, in cramped quarters, with the sun beating down all summer long on shacks that are not fit for dogs to live in. I cannot believe that my colleagues will not respond to this call and do something for those unfortunate people who cannot help themselves. [Applause.]

You can, and I know you will, help by amending the appropriation bill before us to give a larger Federal appropriation for this purpose and by voting down the reduction in taxes carried in the bill.

Mr. WEIDEMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. Yes.

Mr. WEIDEMAN. On the matter of the cost involved, I think the gentlewoman might want to have in the RECORD the fact that the new Supreme Court Building, soon to be opened, cost \$7,900,000, and that it houses only a few members of the Supreme Court.

Mrs. NORTON. Oh, yes; we could tell of millions of dollars that have been spent for buildings all over the city of Washington. For instance, there is the Commerce Building, erected at a cost of almost \$18,000,000.

Mr. WEIDEMAN. What we have been doing here is to build up shrubs and trees along beautiful streets to hide the cesspools behind them so that the visitors to the city would not see them.

Mrs. NORTON. And I wonder how the visitors would feel if we should invite them to go and examine the tuberculosis hospital.

Mr. WEIDEMAN. And I would like to have them go to some of the schools that I visited in this city.

Mrs. NORTON. That is another subject and a long one, and it is one I hope that some attention will be given to in the consideration of this bill.

Mr. SHOEMAKER. And I am wondering if the gentlewoman knows that some of the doctors employed by this Government in these institutions do not even have licenses to practice medicine.

Mrs. NORTON. I do not know anything about that, but I cannot believe that it is true. May I say that I have no criticism to offer of the doctors. I think the doctors in the tuberculosis hospital are doing more than their duty. I do not know of any doctor anywhere in the country who would do the things that Dr. Peabody is doing in that institution.

Mr. SHOEMAKER. I am not singling out any particular hospital, but there are certain doctors in Gallinger and other hospitals in the city who do not even have a license to practice medicine, and who are performing major operations and losing 65 percent of the cases.

Mrs. NORTON. I like to investigate stories myself and do not care to take hearsay evidence on any subject. I do not know anything about what the gentleman says and I am not in a position to criticize.

The CHAIRMAN. The time of the gentlewoman from New Jersey has expired.

Mr. BLANTON. Mr. Chairman, I yield the gentlewoman 1 minute more. Will the gentlewoman yield?

Mrs. NORTON. Yes.

Mr. BLANTON. There is no one in the House who is more sympathetic with the work the gentlewoman mentions than I am. Every year I make my small contribution to the Tuberculosis Association in Washington, and also to the one in Abilene, and to the general work in the State of Texas, and I contribute regularly to many individuals in the State of Texas in the tent camp at Carlsbad, and to individuals who are suffering from tuberculosis in Fort Bayard, N.Mex., and Prescott, Ariz. I am personally interested in this great work, and as long as I have a voice in the Congress they will never suffer here in the city of Washington, but I believe this whole hurrah business now raised in Washington is nothing in the world but the annual newspaper stir made every time a District bill comes up in the House.

Mrs. NORTON. Does the gentleman mean to doubt what I have stated when I tell him that I have investigated the matter personally?

Mr. BLANTON. I have investigated everything there is in the District of Columbia. If they have one thing that I have not investigated I do not know what it is.

Mrs. NORTON. Has the gentleman been through the Tuberculosis Hospital in the District of Columbia?

Mr. BLANTON. I helped to build it.

Mrs. NORTON. Has the gentleman been through it recently?

Mr. BLANTON. Not within the last few months; no.

Mrs. NORTON. Has the gentleman been there recently? The condition I have discussed covers years, not months.

The CHAIRMAN. The time of the gentlewoman from New Jersey has again expired.

Mr. DITTER. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein material which I will refer to in the course of my talk.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McFADDEN. Mr. Chairman, the remarks I am about to make should more properly be addressed to the Committee on Rules, before which committee I am thus far unable to have a hearing. They pertain to House Resolution 287, which I introduced on March 1 last. The resolution proposes a committee of this House to investigate conditions as they now exist and have existed for a long time in the Bureau of Internal Revenue. As many of the Members here know, I have been giving considerable time and attention to this question of the evasion of the payment of taxes by large taxpayers and others through maneuvers and manipulations which are made possible because of the present organization within the Bureau of Internal Revenue and the cooperation of certified accountants on the outside and lawyers who are practicing before the Bureau of Internal Revenue. I have repeatedly called the attention of this House to the abuses which obtain in this respect and have pointed out from time to time wherein the Government of the United States, after passing tax bills and providing for the collection of equitable taxes from the people of the United States, has made it possible for these particularly favored ones who are able to hire lawyers and use their influence, political and other contact, which is available in departments, and through various channels of political pressure, to avoid the payment of their proper share of the taxes, and thus defraud the Government.

This subject is particularly pertinent at this time because there is in conference between the two Houses a bill proposing to increase the taxes of the people of the United States. My position is that it is a great deal better to collect the taxes that are now due the United States than it is to levy new taxes upon the people of the United States, because new levies of taxes will be levied on all classes of people who will thus have to pay those taxes that have not been paid by those people who have been favored through this racket that has prevailed here over a long time.

I have tried in every way possible to get consideration of this resolution. I have talked to the officials in the Treasury Department, Mr. Oliphant and Mr. Jackson, who are not averse to this investigation. I have talked to the Speaker of this House, to the gentleman from Tennessee [Mr. BYRNS], the Democratic leader. I have talked to the Chairman of the Rules Committee and to members of the Rules Committee; and the matters which I am going to present to you here today, as I have said, should properly be presented to the Rules Committee. I hope that, as a result of the presentation which I am going to make, the Rules Committee will take under consideration that condition which I will present which I am satisfied Members of this House know exists and should be corrected.

I am not proposing in this respect an investigation with a brass band.

I am proposing a select committee of this House to act virtually as a court, who will select members from the Joint Committee on Taxation of the House and the Senate, who know that this situation exists, and to pick from the In-

ternal Revenue Bureau itself, honest men who also know that these things exist and have told me they exist, and who want the situation corrected.

May I point out here that every department head who has attempted to correct these situations in the last few years has been completely surrounded by this clique, and before he realizes it he cannot tell what is going on in his department, and the racket proceeds without any hindrance. It is a terrible situation in that respect, and yet a Member of the House who presents or attempts to present this situation to the Rules Committee of this House cannot even get a hearing and cannot have an opportunity to bring men as witnesses before the Rules Committee. I begin to feel that the administration wants to protect this racket and intends to protect this racket, or else why do they not give it consideration? There can be no refutation of the charges that I am about to make.

Can it be that the present administration is not going to make Henry L. Doherty pay the taxes to this Government that he owes; can it be possible that this Government is going to permit this man to further continue his exploitation of the innocent investors of this country? I must again remind you that the political lobbyist attorney of the Doherty Cities Service and other companies is Arthur F. Mullin, former national committeeman from Nebraska, one of the chief dispensers of patronage of this administration, who shares fees with other lobbyist attorneys on getting through questionable claims against the Government, and who, I am told, is the lobbyist who got the \$15,000,000 from P.W.A. for a water and power plant for Nebraska, which project is being so bitterly opposed by the coal interests and labor in the Middle West.

I charge that the present Commissioner of Internal Revenue, Guy T. Helvering, is continuing the well-known unfair practices in the Bureau of Internal Revenue; that is to say, there is favor being shown certain taxpayers at the expense of other taxpayers resulting in a loss of revenue to the Government and in some instances friends and political favorites are the recipients. I submit that in any of these events the practices should be stopped whether it necessitates the removal of the Commissioner or the removal of lesser officials.

I condemn the further use of confidential memoranda in this department through which certain taxpayers are favored over others who are not informed of the special favor granted. This practice should be discontinued forthwith. Many of the large taxpayers who have been able to obtain preference have benefited as have likewise the various rings of lawyers and certified public accountants, such as Seifert; Gregg; Clifford; Alvord; Price, Waterhouse & Co.; Ernst & Ernst; and many others.

I have only scratched the surface, but I have named certain outstanding lawyers and accountants who are involved. There are many more.

Compromises ought to be discontinued or abolished, or the compromise should be left to the Department of Justice or to the Board of Tax Appeals, or some other agency or independent bureau, as the Government has never been known to get a square deal in cases that have been compromised through the Bureau of Internal Revenue.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I cannot yield.

The Bureau is honeycombed with officials in key positions who are trained under the regime of the last dozen years who have never given the Government a square deal but were always and eternally looking for and devising loopholes to defraud the Government by favoring certain large taxpayers, their favorite lawyer friends, or their favorite certified accountants.

Take, for instance, the well-known Crucible Steel Co. case. While Joe Callan was Deputy Commissioner of Internal Revenue under the Wilson administration \$5,000,000 additional tax was assessed against this company. Later Callan resigned and within a few months thereafter came back before the Bureau with a claim for the refund of this tax. The greater portion of it was refunded or abated. More recently, during the present administration, with Mr. Helver-

ing as Commissioner, this man was called in as an adviser to the administration and put in charge of the reorganization of the Bureau of Internal Revenue. While he was reorganizing the Bureau he had claims pending before it for clients who were claiming large refunds, and certain refunds were allowed his clients by the Department.

Now, I ask you, Mr. Chairman, whether such conditions as that should be permitted to exist? That is what I am talking about and what I am trying to correct.

Information as regards certain vulnerable tax cases leak out of the Department into the offices of these tax consultants, lawyers, and accountants which information is used by these attorneys and accountants to secure their employment by these specific taxpayers which cases are based frequently upon ill-advised or bad contentions that no precedent could be found for their allowance and frequently these cases are without any foundation in law or justification in fact but are used as a vehicle to defraud the Government and furnish fees to the lawyers and accountants and in many of these cases precedents had to be established violative of all the laws of evidence. It was such cases as these that brought about the simple little confidential memorandum scheme which has been and is being used now to dispense with essential and necessary evidence to secure abatements and refunds for these accountants and attorneys. The attitude of mind of some of these men is that an abatement or refund of taxes should always be allowed whether there is any law for it or any evidence justifying it. A case can always be made out for the taxpayer by a confidential mimeograph through the compromise, and woe be unto any auditor who questions the legality or justice of a confidential mimeograph.

This confidential mimeograph which has been installed by the men administering this Bureau has cost the people of the United States hundreds of millions of dollars.

Why is it, I ask, that Mr. Helvering permits this collusion by these employees of his department? Does he not know of the outside affiliations and practices of these officials wherein they have allowed their friends on the outside, practicing before the Bureau, free access to the Bureau files contrary to law and have tipped them off to cases wherein a little juggling or pull (a confidential mimeograph or compromise agreement) would reverse the tax assessed by the Bureau and produce a refund or abatement of taxes? Does not Mr. Helvering know that this ring is operating very secretly and that if an auditor complains of these practices or does not agree with the favorite consideration given to particular taxpayers under these confidential mimeographs, secret rulings (based upon insufficient evidence or no evidence at all) he or she is immediately marked as an undesirable and his or her records of efficiency or records of qualifications are changed; that it is easy then to demote or recommend for dismissal such auditors and get rid of them? Such has been the case during the administration of Mr. Helvering.

In other words, if these people look out for the interests of Uncle Sam and it meets with the disapproval of this ring or clique, who are fleecing Uncle Sam, the records of these people are tampered with and the first thing they know they are out of jobs.

May I say that there has been practically no change made in the Audit Division of the Department of Internal Revenue since Mr. Helvering came into office. I believe that I am practically correct when I say that the only changes that have taken place are one chief of section transferred to audit review; one audit reviewer transferred to chief of section; a few auditors to review section; a few transfers in the General Counsel's Office; but in most cases the chief assistants have remained the same.

A splendid appointment has been made as General Counsel of this Bureau—Mr. Robert H. Jackson. The administration is to be congratulated upon the employment of this very able lawyer to this particular position.

I have had conversations with Mr. Jackson and it will not be violating any confidence, I believe, to say, Mr. Chairman, that I talked to Mr. Jackson about this proposed investiga-

tion of the Bureau of Internal Revenue. He wants it. I said to him:

Shall I take it up with the Secretary of the Treasury?

He said:

No; I will take it up; let me talk to the General Counsel.

And he did so; and the following day he sent me the following letter:

Hon. LOUIS T. McFADDEN,

New House Office Building.

MY DEAR MR. McFADDEN: I have examined the resolution which you have introduced, calling for an investigation of the Bureau of Internal Revenue, as you requested me to do, and have considered carefully its possible effect upon the work here.

Speaking only for myself and only insofar as it affects the work of the General Counsel's Office, I see no objection to the proposed investigation, which I believe could be carried on without substantial interference to the work of the Office so far as demands upon our time are concerned.

An investigation of this Office might result in bringing to my attention conditions which I would wish to remedy but which might not otherwise be noted. In any event, I have not the slightest hesitation in offering to cooperate fully either with the committee which you propose or any other congressional committee which desires to go into the conduct of this office.

With best personal regards, I am,

Very sincerely yours,

ROBERT H. JACKSON,
General Counsel.

I discussed in detail the kind of an investigation that should be made, which I have just stated: The selection of a member or two from the Joint Committee on Taxation and the selection of certain men in the Bureau of Internal Revenue who know that this situation exists and who want to correct it. These men cannot act independently. Mr. Jackson cannot act independently. He does not know at this moment to whom he is talking in his department whether the chiefs of these divisions are part of this clique or not. I am suggesting a committee of this House so that they can assist and aid in the correction of this situation.

I am not talking politics here. I have no pride of authorship. I am pointing out a situation which should have attention.

The special advisory committee has remained practically the same. A few new members have been brought in from the outside and now it is called "the technical staff."

If the present administration wishes to know the truth, there are men inside and outside the Treasury familiar with the practices that I am referring to who can point out the cases and persons involved, and they can be procured to advise the administration, but it must be in confidence, as any man who has ever attempted such a thing before—and there have been many—has been discharged or has had charges trumped up against him and has been disgraced.

There are many instances where honest men in these departments have met with the opposition of the particular cliques who are tied in with the lawyers on the outside, and they have very shortly found themselves either demoted or discharged entirely from their positions. This is a powerful group inside and outside who are aiding and abetting illegal practices in this Bureau.

Witness the fate of all those who testified in the Couzens investigation of the Department and those who gave evidence in the Government bond investigation.

Practically every honest person who gave material information to either one of these committees has either been demoted or so humiliated that he has either resigned or has been dropped from the Treasury Department.

In connection with the perpetuation of the present regime the schemings of the various rings of lawyers and accountants to perpetuate the old regime and to keep in key positions those who are all right and who will cooperate with the lawyers and accountants on the outside, these groups have had their heads together in more than one secret huddle in the recent past.

There is probably in excess of a half billion dollars involved in this situation at the present moment.

This situation must be corrected because involved in it are hundreds of millions of dollars of taxes which should and must be paid to the Government of the United States, other-

wise the tax burdens imposed upon the constituents of the Members of this House, due to this failure to collect the just taxes due from these large taxpayers, are considerably increased.

Among the taxpayers who have been evading taxes that I have specifically picked out, and I have only scratched the surface in this respect, have been the well-known evasions of the Mellon group of industries and the ex-Secretary of the Treasury himself, whose tax matters are now in the hands of the Department of Justice. Without this investigation and the material facts which would be disclosed by it, I seriously question whether the Department of Justice will be able to get the information which they should have in the prosecution of the Mellon cases. Why? Because at the present moment the man in charge of these particular files is a Mellon man. These other taxpayers also have their own men in key positions who look out for possible investigations of any violations by the Department of Justice.

Mr. BLANCHARD. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. Does the gentleman believe that a select committee would have any better opportunity to ascertain the facts?

Mr. McFADDEN. Yes; I do. This will correct the situation I am referring to in the Department.

Mr. BLANCHARD. On what theory does the gentleman expect that a select committee will have a better opportunity to obtain the information than the Department of Justice?

Mr. McFADDEN. I suggested that members of the Joint Committee on Taxation of the House and Senate be selected, and that they in turn pick out certain men that are known not to be a member of the ring in the Bureau of Internal Revenue. I suggest that this matter be done quietly in order to get an honest correction of this condition which exists. This Congress cannot afford any longer to delay and permit this fraud to be carried on. It is a racket.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Kansas.

Mr. CARPENTER of Kansas. This ring that the gentleman speaks of, or this clique, are hold-overs of the Hoover administration?

Mr. McFADDEN. Many of them have been in there for years. They are kept in there by these influences. This is not a political proposition. It is financial. It is a racket. It is a ring. That is why it should be cleaned out of the Department, and there should be no further delay because it is costing the people of this country millions of dollars.

Another one of the flagrant instances of tax evasion I have called attention to repeatedly is that of H. L. Doherty and his various corporations. I spoke previously on the floor of this House about the influences that are being used by Mr. Doherty. He is organized from one end of this country to the other. Wherever any of his public utilities are operating he has his methods of gaining the favor of those who might expose these various deals. The last time I spoke on this question I referred to the Cities Service Club, the Doherty Club, down on K Street. Here is a photograph of the place, with the City Service insignia on each door, where a man with influence in the Government and in legislation can go and spend the evening and be the guest of this gentleman who has defrauded the United States Government out of its proper taxes. Mr. Doherty knows how to gain favor with those who have the kind of influence he needs—and he gets it.

May I tell you how he has done some of this business? Some of this information has come out before the Federal Trade Commission, and more will come out in the next few days. The hearings so far disclose that the holding or the parent company has collected from subsidiary companies taxes which they, the subsidiary companies, figured were due to the Government.

The holding or parent company is holding those as an asset and is defrauding the Government of their rightful

amount of taxes. And some of this you are permitting through the continuing of consolidated returns.

In addition, I call attention to the fact that the mark-up of values on the books of many of his corporations is fraudulent and that the financial statements upon which is based the sales and purchases of his stock through the curb exchange in New York are a false base. I have called the attention of the curb exchange to this fact and have furnished them with the information which would justify the suspension on the curb exchange of the securities of the Doherty companies. People are being defrauded from one end of this country to the other. I shall place in the Record in connection with this matter certain statements made by people who have been deliberately defrauded by this man in the financing of his companies. They are as follows, and I am quoting a few of the people who have been defrauded by the Doherty Cities Service and other companies. Here is one from Oklahoma. I quote:

With a great deal of interest I read about your plain speaking about that bird Doherty and the ill-fated Cities Service Co.

The kidnapers and the gangsters are holy compared with this bird Doherty, who sold under all kind of lies of "saving for old age" and all kind of slogans this rotten Cities Service shares.

I am one of the victims who bought for cash and cash again in order to save for old age, but the present system is not saving for old age, but saving for skunks in business and other highway robbers of different kind.

One can better save for machine guns and know that he has something that will talk with force. That is what should be used on these betrayers of the masses who were inveigled by a totally corruptionist system of stock selling as practiced by the Cities Service gangdom.

Yes, save for old age, and be totally fleeced out of one's savings by fictitious statements.

Of course, I do not have a particle of confidence in any bond and any stock any more, because the system of robbery is evident everywhere.

The Czarist Government was not more corrupt than that of the present system here today.

Here is one from an attorney at law in New York City:

I know something about Mr. Henry L. Doherty. He was the backer of an investment house in this city from whom I obtained very substantial judgments for issuing fraudulent prospectus and selling fraudulent securities.

I quote from an offering by Leach Bros., Inc., 60 Wall Street, New York City, wherein, according to their February 13, 1934, circular, they offer Cities Service Co. debentures gold 5s due in 1958 at a bid and offered price at 48 and 49, in which earnings before depreciation for 9 months ended September 30, 1933, equal 2.39 times bond interest. My correspondent says "this is false and misleading."

I quote from another correspondent, Brooklyn, N.Y.:

"As a former stock salesman for Henry L. Doherty & Co., a stock-sales organization for the Cities Service Co. exclusive", who asks, "who was it that permitted Mr. Alton B. Jones or Mr. Russum to refer to the United States Senators and Congressmen as hinterland oppositionists as interferents with normal progress of business, and telling us at meetings when Congress adjourns stocks will go up? By what authority could Judge Foster tell us to approach the workmen of this country and tell them that they should do as he has done, invest all his cash and all his stock dividends for reinvestment purposes in Cities Service Co.?"

Pennsylvania Securities Commission says that the Indian Territory Illuminating Oil Co.—a Doherty company—never was registered by H. L. Doherty & Co. in the State of Pennsylvania.

Another correspondent from Pittsburgh says:

The tragic thing about the make-up of the Cities Service security market is the fact that 95 percent of the security holders, which are approximately 600,000 in number (the second largest security list of any corporation in the country) were all people of small means, and they deliberately sold and practiced the distribution to this class of purchasers. In other words, the uninitiated and uninformed sucker class.

Further, for your information, they sold Indian Territory Illuminating Oil common stock in the State of Pennsylvania during the years 1930-31 without having taken out a permit through the securities commission in this State. The stock was sold anywhere from \$31 to \$47 a share and admitted to enlisted trading on the New York Curb, but it is very inactive and is now selling for approximately \$3 a share. (This stock was issued as rights at \$17 per share.)

These are simply a few letters that I pick out at random from a great mass of similar letters which have come to me.

Now let me show you how Doherty uses his influence. When a committee of this Congress made a recent visit to the city of New York—and I am not blaming the Members of Congress—this gentleman who seeks such influence and publicity saw fit to entertain those Members with a radio program, and it was broadcast throughout the country that this particular group of Congressmen were the guests of Henry L. Doherty and his Cities Service Co., which, so far as Cities Service—Doherty's company—was concerned, showed that his company was on friendly terms with Congressmen.

The recent hearing before the Federal Trade Commission showed that he fraudulently took a profit of \$19,000,000, which is a small estimate of the total amount, as will be shown later. And again Mr. Doherty's organization operates. When the President takes a fishing trip in Florida waters this gentleman sees it that his headquarters are established in the Miami Biltmore Hotel, a Doherty-owned hotel. That shows how this gentleman is trying to get past his fraudulent acts in connection with the defrauding of the United States Government of its proper amount of taxes and the public through the sale of his worthless securities.

There are other cases. The Associated Gas & Electric Co. is another glaring instance. Practically every public utility that has been investigated under the Walsh resolution by the Federal Trade Commission, it will be shown, have pyramided and have marked up their values and issued and sold the stock based on those fictitious values. They have collected from their subsidiary companies the taxes due the United States and have withheld them as a capital asset of the holding company and have avoided payment into the Treasury of the United States of their just proportion of these taxes.

Now I give an analysis of an article by Logan Morris, ex-chairman United States Board of Tax Appeals and present member thereof, which appears in a January-February 1934 issue of a prominent magazine, *Additional assessments of taxes proposed by 60-day letters by the Bureau of Internal Revenue, between July 1, 1924, and July 1, 1933, a period of 9 years.*

Number of cases—additional assessments proposed

72,752.....	\$2,061,009,337.36
16,502 pending July 1, 1933.....	663,719,560.60
56,250 disposed of.....	1,397,289,776.76
56,250 taxes collected.....	445,518,642.70
56,250 (B.T.A.) allowed.....	951,771,134.06
Rate of allowance (B.T.A.) per annum, 9 years.....	105,753,237.12
Amount recommended to be disallowed by audit unit per annum.....	155,365,530.75

The reduction of deficiencies, amounting to \$951,771,134.06, as shown in the above statement, while ostensibly representing reduction granted by the Board of Tax Appeals, in reality includes also reductions made by way of settlement in the Bureau of Internal Revenue between the issuance of notices of deficiency to taxpayers and final judgment by the Tax Board.

Briefly, the procedure is as follows: When the income-tax unit determines a deficiency in tax, the so-called "60-day letter" is mailed to the taxpayer. The taxpayer then has the privilege of taking an appeal to the Board of Tax Appeals. The case so appealed may be disposed of in either of two ways. First, it may be heard upon its merits by the Board of Tax Appeals and judgment based upon such an opinion as the board may render in the proceeding. Or, second, the case may be given further consideration in the Bureau of Internal Revenue, and if the parties agree upon a settlement a stipulation to that effect is filed with the Board of Tax Appeals, in which event the Board enters a judgment based upon the stipulation without a review of the merits of the case. Consequently, as indicated above, the concessions in tax ostensibly allowed by the Board of Tax Appeals include concessions not only actually made by the Board, but also concessions made within the Bureau by way of administrative settlements. The administrative settlements until quite recently were made in the Bureau principally by a body known as "the special advisory committee." Since Commissioner Helvering assumed office that body has been re-

named "the technical staff", with a few minor changes in personnel.

An analysis of the figures presented in this statement clearly demonstrates either one of two things; first, that the audit which in the first instance proposes the deficiencies is grossly inefficient and by its proposals unduly harasses the taxpayers; or, secondly, that concessions made after the completion of the audit are unjustifiable.

In this connection it would be interesting to know, and I now call on the Bureau of Internal Revenue to give us the information that would show, what portion of this tax that failed of collection was due to compromise agreements or stipulated agreements entered into by the officials of the Bureau of Internal Revenue, which stipulations were not reviewed by the Board of Tax Appeals. In other words, what I am trying to distinguish is the amount that failed of collection because of the action of the Bureau as distinguished from the action of the Board of Tax Appeals not only for the period covered by this memorandum but for the period from July 1, 1933, to date.

What I have said with respect to taxes loosely or illegally refunded is confirmed by a pamphlet put out by the Internal Revenue Department entitled "The Internal Revenue News", in volume 5, no. 11, May 1932. At page 2 is set out a chart showing deficiencies proposed to be assessed by the Bureau in 60-day letters that were sent out to the taxpayers between the dates of February 1 and March 31, 1932, and the amount of taxes that were refunded on the basis of redetermination made by the special advisory committee, which committee is now known as "the technical staff." In this table the deficiency shown as proposed on cases recommended for settlement that were up before the Special Advisory Committee on Appeal were in the amount of \$17,183,804.96, and the deficiency redetermined on this amount that was recommended for settlement is \$3,851,070.66, showing that the result of this redetermination by the special advisory committee is that out of \$17,183,804.96 proposed to be assessed, this committee remitted to the taxpayers \$13,332,734.30 and of the amount proposed to be assessed only collected or assessed \$3,851,070.66, or, in other words, that the Government was the loser by virtue of the action of the special advisory committee of 78 percent of the taxes that had been assessed and proposed for collection.

I am reliably informed, and so charge, that the condition in the Bureau today respecting refunds is even worse than it was at the date of this publication; that is, that the Government today is suffering a greater loss by virtue of the loose, unauthorized, or illegal manner in which these cases are being handled today.

EVASION OF SURTAXES BY THE USE OF A CORPORATE ENTITY

Features of the income tax law which are sources of tax leaks:

- First. Depreciation based upon values other than cost.
- Second. Depletion (see schedule Gulf Oil Co.).
- Third. Dividends allowed as deductions.
- Fourth. Special assessments allowed simply because taxpayers enjoyed large incomes.
- Fifth. Erroneous valuations of securities and other properties in determining bases to be used in computing the profits realized or losses sustained on the disposition of such properties.
- Sixth. Failure to administer section 220 of the Revenue Act of 1918 and corresponding sections of subsequent acts.
- Seventh. Failure to audit cases which show "no tax" on the face of the return.
- Eighth. Estate-tax cases: Failure to tax in the settlement of estate-tax cases properties transferred in contemplation of death.
- Ninth. Personal holding companies: Evasion of tax through the creation of corporations for the purpose of taking over the holdings of individuals.
- Tenth. Confidential memoranda, stipulations, or compromises: Settlement of cases by officials of the Government in which they are personally interested or from which they receive benefits on the basis of confidential rulings.

How about the many Mellon cases that were settled by stipulation, compromise, or on the basis of confidential memoranda? In this connection on the occasion of my previous remarks I handed in a list containing a few names of Mellon companies, among which were included Gulf Oil Co.; Aluminum Co. of America; Gulf, Atlantic & West Indies Steamship Co., and I now wish to include the Philadelphia Co. and the United States Steel, and to call attention to that great host of public-utilities companies that span this country from ocean to ocean and from Canada to Mexico, most of whom have evaded taxes through false bases set up for depreciation and through consolidations, mergers, and reorganizations.

We know how H. L. Doherty handled his stuff through Cities Service Securities Co. and H. L. Doherty & Co., Inc. The records of these companies and of all corporations are reported through Poor's and Moody's Manuals and in the annals of the State where the particular company was incorporated and also in the Bureau of Internal Revenue.

Further, as to Mr. Doherty, I would ask him what was the purpose of the incorporation of Henry L. Doherty & Co., Inc., and the other companies in which he is interested. This man, H. L. Doherty, robbed his own employees. He forced them to take and subscribe to the securities of his various companies when they were ranging around heights to which he had skyrocketed them. When they fell in market value and earning power to practically nothing, he would not allow his employees, so I am informed, to turn the stocks back and forfeit the amounts they paid on them but insisted that they must pay the full price agreed to be paid for them and deducted the amounts out of their meager salaries. Mr. Doherty's tax matters, upon which a question has been raised, will take care of themselves if Mr. Doherty will waive the secrecy clause of his income-tax returns and permit them to be examined in the open and will make the books and records of his companies available and permit a disclosure of what they show with respect to capitalization, surplus, and the use made thereof, security values, and taxes.

Now, directing attention again to the Bureau of Internal Revenue, Mr. Hill, the chairman of the subcommittee for the House Ways and Means Committee, writing for the Nation's Business, January issue, 1934, in an article appearing beginning at page 17, has something to say about "Tax Leaks Which Cost Millions." He ascribes these to two general sources, first, faults in the law and, second, faults in the administration of the law by the Bureau of Internal Revenue.

The faults or defects in the law are enumerated and pointed out at the beginning of my remarks. The leaks or faults due to administration Mr. Hill says are due to acts of the administrators of the law, that is the Commissioner of Internal Revenue and those in authority under him without any authority in the law. If this is true, then are these acts not fraudulent when done, authorized, or permitted by a Secretary of the Treasury or any one under him, especially the Commissioner of Internal Revenue, who is directly in charge of such matters and particularly when done in connection with or relation to cases in which they are directly interested or are the beneficiaries? Does any limitation run against the Government's right to reopen such cases and collect the taxes shown to be fraudulently, illegally, or loosely paid out without any authority in the law? Is there any question but that all taxes refunded or abated by Mr. Mellon or anybody else as Secretary of the Treasury, or by D. H. Blair or anybody else as Commissioner of Internal Revenue, to themselves as taxpayers or to persons, companies, estates, and so forth, in which they are directly interested, or through which they profit, which refunds or abatements are based upon either confidential memoranda, stipulated agreements, authorized compromises, or any other questionable procedure? In this character of case where the agent of the Government is the tax beneficiary, is there not such fiduciary relationship as that fraud is presumed and the burden of negating it on the Government

agent acting in such fiduciary capacity? I refer particularly to such flagrant cases including the Cannon estate, the estate of Mr. D. H. Blair's father-in-law, of which Mr. Blair was one of the executors, and the other cases to which I have heretofore referred.

I have a list of the names of the ring in the Department, I may say to the gentleman from Wisconsin, of the men who compose this ring. I could present this to the House, but it would not do the Members any good. This information should only be given to the Rules Committee behind closed doors, and if the particular people on this list are taken out of this Department, this will come nearer correcting the situation and establishing an honest regime in this Department than anything else that could be done.

Now that I have presented sufficient facts I hope to challenge the interest of the Rules Committee of this House. I hope they will not pass this over with a gesture. If there is any feeling on account of a minority Member introducing the bill, I pray some of you Democrats to put in such a measure. I shall do what I can to help you, but there is a situation here that should not be delayed any further. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Chairman, "I am smarter than the law" was the headline streaming across the front page of my home city paper on Sunday last. This was not the statement of a prominent lawyer but was the brazen, boastful declaration of one of the most dastardly outlaws of the country. The immediate provocation for this exclamation was that he or some of his confederates had recently killed a police officer, kidnaped another one, and were then being pursued by officers in four States.

Similar incidents have been happening daily over the country during the last several years. In my own State of Missouri I call to mind now two occasions within the last few months wherein 10 armed police officers were assassinated by roving bandits. Besides these, scores of innocent, unarmed citizens have been robbed, kidnaped, or murdered by the same class of criminals.

The enormous cost of our attempts at the enforcement of the criminal laws as well as all losses resulting directly and indirectly from racketeering in all its ramifications, is in the long run, of course, borne by the rank and file of the taxpayers. This amount runs into billions of dollars each year, and the burden is more irksome during hard times. There is no doubt but that organized crime has far outstripped our means of combating crime in many particulars within the last decade. The racketeer and kidnaper is no more a respecter of State lines than was the boll weevil a generation ago. The enforcement machinery of our 48 States has not been able to deal effectively with these roving bands of criminals in their interstate activities.

There has been for months a strong clamor for the Federal Government to step forward and take a more active part in fighting crime. Some of these suggestions have gone so far as to advise that martial law be declared and military action taken to rid our country of crime. Some would have the Federal Government take over the entire police power from the States and centralize the control of it in Washington. Such a course would be illogical and unthinkable. The responsibility of the enforcement of the law generally should rest primarily on the people of the community affected. The various communities should have complete control of the enforcement of all laws which it is possible for them to adequately enforce. To unwarrantably extend the powers of the Federal Government upon the States would not only create resentment toward Federal bureaucracy, but would also weaken the morale of the various communities.

Our problem is to determine to what extent the Federal Government should go. In accordance with this principle, I am convinced that we should extend the Federal penal statutes under the commerce clause of the Constitution so

as to cover, insofar as we reasonably can, the unlawful activities of those who deliberately take advantage of the protection afforded them by State lines in perpetrating their crimes. The strong arm of the Federal Government should fall on those who live off their fellowmen by use of force and threats, in all cases where the Federal Government can legally reach them.

Federal control was extended over kidnapers by the passage of the Patterson Act in 1932. It should now be extended to the racketeer. Several bills constituting a complete program, and designed to extend the powers of the Federal Government in the aforementioned particulars, have been recently prepared by the Department of Justice and have passed the Senate. They are now pending before the Committee on the Judiciary in the House. While I do not subscribe to all the details of these bills, I do strongly favor many of their salient objectives.

A proposed Federal antiracketeering statute, S. 2248, has been introduced, and is designed to protect interstate trade and commerce against interference by violence, threats, coercion, or intimidation. In the past the Federal Government has been practically restrained in the prosecution of racketeers to mere incidental violations of law, such as mail fraud or income-tax evasions, and for violations under the Sherman Anti-Trust Act. The Sherman Act was primarily designed to prevent capitalistic combinations and monopolies, and, of course, is not adequate for prosecution of persons who commit acts of violence, intimidation, and extortion. Furthermore, the Sherman Act requires proof of the conspiracy, combination, or monopoly, and it is often difficult to prove that acts of racketeers affecting interstate commerce amount to a conspiracy in restraint of such commerce, or a monopoly. This bill, with some clarifying changes in subsection 3 of section 2 should be enacted into law. Racketeering must stop.

Another bill is pending, which is designed to extend the provisions of the national motor vehicle act to other stolen property and to make it a crime to knowingly transport stolen property in interstate or foreign commerce. A companion bill makes it a Federal offense to transport in interstate commerce, any stolen security, or to receive, conceal, store, barter, sell, or dispose of any security moving as, or which is a part of, interstate or foreign commerce, knowing the same to have been stolen. Bills incorporating similar principles have been before every Congress during the last decade and have at different times passed one or the other House of Congress, and should pass both Houses at this session.

A bill, S. 2249, applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise, is now pending. This bill is designed to bolster up the Patterson Act passed in 1932, which makes it a Federal offense to transmit threats through the mail with intent to extort any money or other thing of value. Criminals have been using the above means to convey threats rather than the mails. Other slight changes are contemplated in the Patterson Act which are designed to make it more effective. Among these is the provision that in the absence of the return of the person kidnaped, and in the absence of the apprehension of the kidnaper during a period of 3 days, the presumption arises that such person has been transported in interstate or foreign commerce, but such presumption is not conclusive.

A bill, S. 2841, as well as several other bills, providing punishment for certain offenses against banks operating under the laws of the United States, or any members of the Federal Reserve System, has been introduced. This law should be made to cover all banks which are members of the Federal Deposit Insurance Corporation, as all such banks are required by law to join the Federal Reserve System by July 1, 1936. The enactment of this law would throw the full weight of the Federal Government against the most thoroughly organized and the most menacing bands of criminals with which we have to deal. This law would supplement,

but not supersede, the activities of the States in their attempts to bring these atrocious marauders to justice.

A bill, S. 2080, is designed to make it a Federal offense for anyone to murder or otherwise kill or assault any Federal officer or employee while engaged in the performance of his official duties or on account of his official duties. Objections have been interposed to this bill on the ground that it is too broad in that it should not cover all Federal employees. I am inclined to think that it at least should cover all Federal officers, while in the performance of their duties, whose duty it is to make arrests or to serve process.

A bill, S. 2575, provides punishment for any person, whether employee or not, who assists in any riot or escape at any Federal penal institution, or who conspires to cause such a riot or escape. It also provides Federal punishment for anyone who, without the consent of the warden, conveys into a Federal institution tools, weapons, narcotic drugs, and other contraband articles. It also makes it an offense to send out from such institution any letter or message otherwise than in accordance with the rules of the institution. It strikes me that there is no good reason why the Federal Government should be longer forced to resort to State courts in the regulation of its own criminal institutions.

Two important bills, S. 2840 and S. 2844, similar in principle to the Harrison Antinarcotic Act, dealing with the importation, manufacture, and sale or other disposition of machine guns and firearms, are now pending. These bills are based on the taxing power of the Federal Government and the power over interstate commerce. They provide for the taxation of manufacturers, importers, and dealers in small firearms and machine guns, and require the registration of pawnbrokers and other dealers in used firearms. They also provide for a tax on the sale or other disposal of firearms and machine guns by importers, manufacturers, and others, and provide for a stamp tax on the disposal of every small firearm and machine gun, as well as for the positive identification of each recipient of such weapon. After a time it should be possible to ascertain, by proper credentials, the identity of the possessors of machine guns and sawed-off shotguns. There is no doubt but that steps should be taken to adequately regulate the circulation of sawed-off shotguns and machine guns, and there is no valid reason why the owners of these implements of terror should not be known. This bill also makes it unlawful to dispose of any machine gun without the consent of the Commissioner of Internal Revenue, whose duty it shall be to keep a record of all transfers.

There are other details covered by these bills which will no doubt meet with opposition in some quarters; but I believe it is generally agreed that their salient features should be enacted into law without delay. Other procedural changes in the Federal criminal statutes are covered in bills now pending, some of which will no doubt meet with opposition; but as many of them have been put forward for a long period of years, I am hopeful that they will be duly considered by the Congress during this session.

In recognition of intelligent public opinion to the effect that crime is a major problem and is one deserving of careful study, the Government has recently established in the city of Springfield, Mo., a hospital to be used as a laboratory for the purpose of scientific research and investigation in this field. If we expect to pass out of the category of one of the most lawless nations in the world, we should continue the work that has been started in this direction with the same zeal that we have attacked other major problems in the past.

I am hopeful that the program outlined above will prove to be an effective step in the permanent eradication of crime in the United States.

Mr. CULKIN. Will the gentleman yield?

Mr. RUFFIN. I yield to the gentleman from New York.

Mr. CULKIN. I want to endorse what the gentleman has said, although that may not be so important to the gentleman, and I also want to inquire of the gentleman about the

status of the bill which makes it a crime to transport stolen property in interstate commerce.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. RUFFIN. It is now pending before the Committee on the Judiciary of the House, and I think it has passed the Senate.

Mr. CULKIN. I understand the bill has been defeated in the Senate. I understand the Senator from Utah opposed the measure and it was knocked off the calendar. I may say to the gentleman that I regard this as a most important measure in correcting present crime conditions in the United States.

Mr. RUFFIN. I thoroughly agree with the gentleman in that respect.

Mr. CULKIN. I also want to congratulate the gentleman on his statement here today.

Mr. RUFFIN. I thank the gentleman. [Applause.]

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DE PRIEST].

Mr. DE PRIEST. Mr. Chairman, I am going to talk, if permissible, on the District of Columbia appropriation bill for a few moments. The Board of Education having in charge the schools here in Washington made a recommendation to the Bureau of the Budget asking for \$30,000 to reequip and refurnish the Shaw Junior High School. The Bureau of the Budget cut the estimate to \$15,000, and the District subcommittee has seen fit to eliminate this reduced amount.

The school building has not been refurnished in 31 years. The furniture is inadequate, old, and worn out, and I hope the committee having this appropriation bill in charge will see fit to restore the item by a committee amendment. I would rather see this done by a committee amendment than an amendment offered from the floor, because it is essential and necessary that this should be done. There is only the small amount of \$15,000 involved, and I have here a report from the Board of Education, and I ask unanimous consent that the Clerk may read it in my time so that the Members may have the benefit of it.

The CHAIRMAN. Without objection, the Clerk will read the matter referred to.

The Clerk read as follows:

REEQUIPPING SHAW JUNIOR HIGH SCHOOL.

(Estimate 1935, \$15,000)

The Shaw Junior High School was transferred to the old McKinley High School Building in September 1928. In the interest of economy, comparatively little new equipment was purchased for the Shaw Junior High School at that time. The large majority of equipment abandoned by the McKinley High School was refurnished and repaired and children and teachers were required to use this old equipment.

This old equipment had been in constant use by day and night schools for possibly 31 years, and since the original refinishing and repair it has been necessary to make frequent repairs to the equipment.

In addition to its age and condition, the equipment abandoned by the McKinley High School had been procured on the basis of a technical senior high school and is not fully suitable for children of junior-high-school age.

The school authorities urgently recommend that this old equipment at the Shaw Junior High School be replaced to the extent of \$15,000 with standard equipment approved by the Board of Education for children of junior-high-school age. The limited appropriation will not permit of complete reequipping of this building, and it will be necessary to continue in use such equipment now in the building as is found to be in good condition, even though such retained equipment may not be in accordance with the approved standards for junior-high-school instruction.

The equipment proposed to be replaced at this time is covered by the following list:

Auditorium chairs.....	\$2,700
Domestic-art rooms.....	1,000
Domestic-science rooms.....	1,000
Drawing rooms.....	800
Pupils' desks and chairs for 26 classrooms.....	7,730
Refinishing equipment.....	400
Storage lockers.....	352
Teachers' chairs.....	108
Teachers' desks.....	578
Teachers' lockers.....	132
Teachers' rest rooms.....	200
	15,000

Mr. DE PRIEST. I hope the committee will give this matter due consideration and bring in an amendment so that this school may be properly equipped and the children prepared with a better education.

Mr. Chairman, I yield back the balance of my time.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, I want to discuss briefly today a question in which I believe most of the people are vitally interested at this time, and that is the subject of flying. We have been considering various angles of it in Congress for some time, and quite frequently we confuse the terms that are involved. There is a difference in the various elements that go into the making up of this particular subject. It is divided into two fields—lighter-than-air craft and heavier-than-air craft.

Briefly, I may say with reference to heavier-than-air craft, and its relationship to the Government at the present time, that there has been considerable criticism of the Post Office Department for a recent cancelation of air-mail contracts, and this has caused more or less Nation-wide publicity.

I may say with reference to this particular matter that the United States Army carried mail for a good many years, and I think the Air Corps of the Army can still carry it. If it cannot, I want to know why, and I think the country wants to know why; but this is the very thing that a lot of people do not like to talk about today.

It may be necessary to carry on an investigation to find out whether or not it is true that the Army Air Corps cannot carry the mail, and if it is true, as to whether or not it was occasioned by the sale to the Army Air Corps of a lot of obsolete and improperly equipped machines.

That is an important question that is going to be answered before this thing is over. In my opinion it should have been settled before any action was taken to return the air mail to private lines. Sooner or later murder will out, and that is what we are going to discover before the proposition has been finally settled.

Now, I want to devote the balance of my time to the other phase of flying, and that is lighter-than-air craft.

A headline in a recent Washington paper to the effect that the P.W.A. may build two dirigibles prompts me to say the United States Government has no business to dabble around in that kind of a deal with the taxpayers' money.

We have spent about a hundred million dollars scorching our fingers in that fire and lost scores of human lives. The situation might even be termed "legalized murder." It is high time we declare a halt.

Congress has been circularized during the past few months by a corporation that evidently wants to aid someone in securing a loan from the taxpayers for the purpose of building two more airships. The suggestion is made that it might even be necessary to construct another hangar, and that after we spent \$2,000,000 of the people's money in building one over at Akron, Ohio. We had better determine just what is going to become of that monument before we go any further with this thing. Just how are the taxpayers going to benefit from it? Is the money going to be returned to them or are they going to have to leave it there as an investment in a workshop for the Goodyear Zeppelin Co.?

The program of dirigible building that is under consideration has been going on for years. In addition to the construction of "blimps", our Government financed the building of the famous airship known as the *Shenandoah*, that came to a disastrous end over the State of Ohio several years ago, and cost us a lot of human lives in addition to several million dollars.

Since that time Uncle Sam has experimented further to the extent of building the *Akron*, which is now, largely, at least, at the bottom of the Atlantic Ocean; and the *Macon*, which was recently launched.

We have heard considerable about the feasibility of experimenting with lighter-than-air craft for national-defense purposes. The very structure of the ships, as well as our experience and that of other governments, makes such a

program ill-advised. I doubt if Congress and the country at large recall the fact that in order to build a stable airship the structure must have a very marked degree of stability. That stability is gained largely from two sources—the manner in which the ship is constructed and the material from which it is built. If the material is not of sufficient strength, then the construction is only an incident of its successful or unsuccessful navigation.

If the structure of an airship is made of material having adequate tensile strength to withstand severe strains, it necessarily becomes too heavy. Unfortunately, the carrying capacity of an airship depends largely upon the lightness of its structure. In other words, the more weight that goes into the building of the ship the less tonnage it will be able to lift and transport.

These observations bring us to the conclusion that the practicability of an airship depends upon lightness of structure. But, unfortunately, we cannot obtain this lightness of structure and at the same time insure proper stability. At present in our dirigible-building program we have used a product known as "duralumin", manufactured by America's Aluminum Trust. That material is soft, and when used in a girder will withstand a certain amount of constant pressure, but a sudden blow or shock will cause it to collapse.

Furthermore, any weaving, hammering, or pounding upon it tends to crystallize it, and thus cause it to break like cardboard. Now, what happens after the structure has been completed and gets into the air? Here is exactly what occurs, and my statements are borne out by the experience of the United States Navy in such matters.

The vast surface of a dirigible that is necessarily exposed to the elements is its greatest hazard. A mere wetting of the shell of a ship like the *Akron* or the *Macon* will add from 12 to 14 tons to its weight. In other words, a rainstorm through which the ship might pass would decrease its carrying capacity to that extent.

To take the *Akron* as an example, the enormous load of the ship (403,000 pounds according to the Goodyear Zeppelin Co., 380,000 according to the Navy) was lifted by 100,042 large gas bags or cells filled with helium, some of the cells holding as much as $1\frac{1}{2}$ million cubic feet of gas. The point I want to make clear is this. The gas bags are inside the structure and push up and outward to lift the load, which is, in turn, distributed over the entire structure by a network of steel wires running in all directions on the outside. With the enormous lift that helium has, there is very little or no pressure in the cells. Even though they are filled to capacity, a small man walking around on the top of the cell will sink to his crotch, so that is conclusive proof to me that there is very little or no pressure. Now we get to the fly in the ointment. The structure is built to withstand pressure from the inside and the network of wires on the outside protect this and carry the load, but what happens when we reverse the process and put pressure on the enormous outside surface, say a nice 40-mile wind, with practically no pressure inside or steel wires to help out? I should like an answer to this one from the eminent Dr. Einstein. Any sensible person can tell you what will happen—the same thing that happened to the *Akron* and many others—they collapse like an eggshell. The *Macon*, or any other ship of this design or construction, will have the same finish if they ever get into a violent storm area, as there is simply nothing there to offset the enormous pressure from the outside.

There has been much speculation as to why and how the *Akron* crashed off Barnegat Light at 12:33 a.m., April 4, 1933, completely destroying itself and carrying 73 members of its crew to their death. I will tell you why, in my humble opinion and that of aircraft experts who, for obvious reasons, do not get on the front page very often. The statement has been made at different times, and was brought out in certain phases of the investigation of the disaster, that the ship broke in two. The probability is that such was not the case.

Our experience with the *Shenandoah*, and the experiences of foreign countries with ships of similar design, have indicated that they cannot withstand a severe storm. The question is apt to be asked as to why and how Count Hugo von Eckner has been able to navigate the *Graf Zeppelin* so successfully. His indefinite schedule explains that almost completely. It will be noticed that, if necessary, he will postpone his flight several days in order to gain the advantage of proper weather conditions, or perhaps detour his line of travel as much as two or three hundred miles or more in order to avoid a storm area.

The fact that the framework of the American ships has been built of duralumin, which will not withstand a sudden blow without breaking, indicates certain things to my mind and to the mind of any other reasoning man or woman in regard to the *Akron* crash. Without doubt, that ship was caught in a severe line squall, or electrical storm, predicted before the ship ever left the ground. When the terrific winds struck the enormous surface of the dirigible this soft metal, duralumin, could not withstand the shock. So what happened? The structure of the ship simply collapsed; the broken girders punctured the gas bags and she fell like a plummet. It must be remembered that the weight of the control cabins, the motors, gas and oil, water ballast, and the various heavy parts of the ship are distributed over its large area by a network of wires. If the gas bags had not been punctured, and the ship had merely broken in two, then certainly it would have been sustained in the air much longer than it was, as in the case of the *Shenandoah*. Furthermore, it would have necessarily floated on the surface of the sea after it struck the water. But what happened? The three survivors testified that after the second drop began the ship fell like a plummet until it struck the surface of the sea, and sank instantly. As I remember it, Deal stated he saw no evidences of the ship on the surface when he came to the top, other than bits of broken wreckage. This very fact in itself should indicate that it did not break in two; or, at least, if it did, the network of wires held the wreck together, which sank immediately.

Some fantastic minds suggested soon after the wreck that parts of the ship might be floating around in the stratosphere. The same thing could be said for the parts of an old cultivator I threw in the creek. The wreck of the *Akron* is still at the bottom of the sea. It is perfectly possible it may have been discovered and purposely left there. To raise it and return the bodies of the men who manned the ship to their loved ones would have had a bad effect upon the building of dirigibles with taxpayers' money.

That reminds me, if we are going to have economy in government—and I am for it—let us have some. I would suggest we go about getting it where we can lop it off in chunks. In this day of billions I still cling to some of my rural characteristics of wanting to try and save a few fractions thereof now and then for the people, sort of like some folks save baling wire, bottle caps, and old pieces of string.

Now, why all this discussion of what is today, unfortunately, naval history or air history or some kind of history? Simply this: I want to impress upon the House and the country the fact that the United States Government has spent approximately a hundred million dollars in the building of lighter-than-air craft. I have indicated to you where the very principles involved in their successful operation are incompatible from the standpoint of national defense. In other words, if you build the ships of a material sufficiently strong to withstand a severe storm, thus making them practical, they are so heavy they cannot get off the ground with a pay load of sufficient size to make their operation profitable. Of course, it is true that the building of these ships has afforded the Goodyear Zeppelin plant at Akron, Ohio, a vast source of income. It is also true that it has been a considerable source of income to Mr. Andrew W. Mellon's Aluminum Corporation of America, which has been selling duralumin under a virtual monopoly; and now comes the Respress Aeronautical Engineering Corporation, of Cranston, R.I., with a lot of propaganda to join the procession.

Such a program is not fair to the taxpayers of this country. It is not fair to the loved ones of the 73 men who now sleep beneath the waves of the Atlantic Ocean, all for the sake of profit to some of America's large corporations.

The reason for this extended discussion with reference to the construction and operation of dirigibles and the disasters that have been experienced by our lighter-than-air craft is of a dual nature. In the first place, the time has come when it is being suggested to Congress that the *Akron* be replaced at an expense that would probably total at least \$5,000,000. There is talk of the P.W.A. building two more of the ships. Furthermore, I want Congress and the Nation to know wherein dirigible construction must, as a part of the very nature of circumstances involved therein, be impractical from the standpoint of being agencies in our system of national defense. As I have said previously in these remarks, ships of the present design and construction cannot be built to withstand all kinds of weather conditions, which would prevent emergency flying. They would even be quite impractical as freight carriers unless a more or less regular schedule could be maintained. If improvements of design can be made that will make them serviceable in the latter field, then all well and good; but why should the people's money furnish the wherewithal for the experiment?

It should be apparent to anyone who is blessed with normal sight to be able to conclude that the ships are not practical in war time. It is evident from maneuvers I have witnessed myself and that you have seen with your own eyes that they are cumbersome things at best when in the air. To land them or to launch them requires the assistance of more or less experienced ground crews. Former Secretary of the Navy Adams did not even consider it feasible to send a dirigible—the *Los Angeles*—with supplies to the earthquake zone of Santo Domingo in September 1930. It was indicated the ship could not make the trip because mooring and landing facilities were lacking, and also because of possible storms in the hurricane area. May I ask the friends of the dirigible where they expect to land their fighters in time of war? Do they think they can drop ground crews out of control cabins with parachutes? Do they think they are going to find them at any point where it becomes imperative for them to sit down, so to speak? Obviously, a dirigible would be more or less impractical as a cruiser of the air during hostilities. They are comparatively easy prey to anti-aircraft gunners. Their tremendous bulk and their clumsy flight make them easy meat for such marksmen or destroyer planes.

For example, in a recent sham battle in the Southwest, a fleet of war planes theoretically destroyed the *Macon* three times within the course of 24 hours. Of course, very little notice was made of this fact, and the incident was carried in merely a few inches of type.

It is interesting to note in a report of the congressional investigation of the destruction of the *Akron* there is a polite statement to the effect that "a sense of decency causes the mind to shrink from pronouncing judgment on the dead", which is immediately followed by that very judgment on the dead from which the committee so politely shrank. Commander McCord, according to the committee, was responsible for the tragedy because "responsibility was due to the navigation of the ship into storm conditions." So, I have concluded that the "eyes of the fleet" must never fly into storm conditions. Oh, what a polite and properly conducted war our next struggle must surely be!

But slight additional comment need be made with reference to the disasters to the American-built dirigible, *Shenandoah*, the Italian built—American purchased—*Roma*, the French *Dixmude*, the *Akron*, and our blimps, one of which went down searching for the remains of the latter, except that in almost every case the ill-fated craft were the "last word" in dirigible construction. So it was when the British ship *R-101* took to the air.

We might, if we only wanted to, look at an impressive summary of England's post-war experiences with dirigibles

compiled by Lt. Comdr. J. M. Kenworth for the Saturday Review; the *NS-11* struck by lightning in 1919 and destroyed with her whole crew. The *R-24* and *R-29* were scrapped after a few flights. The *R-26* was scrapped 10 months after launching. The *R-31* was scrapped after two flights. The *R-32* was scrapped on the strength of experience gained with the *R-31*. The *R-34* was wrecked in 1931. The *R-35* construction was canceled after \$375,000 had been spent. The *R-36* was scrapped after 97 hours in the air. The *R-37* was scrapped after less than a hundred hours in the air. The *R-38* was destroyed with the loss of 44 lives, including American officers and enlisted men. Both the *R-39* and the *R-80* were scrapped before making a single flight.

In a debate on airships in the House of Commons in March 1928 Frank Rose, a critic of such craft, declared that if history counted for anything the two proposed airships, the *R-100* and the *R-101*, were doomed. Up to date he reckoned a total expenditure of almost \$12,000,000 for construction alone, and Great Britain had received only 1,040 hours of flying in return—at a cost of approximately \$7,500 per flying hour. The two dirigibles, the building of which Mr. Rose was opposing, were afterward constructed at an additional cost of \$10,000,000. The *R-101* met with the well-known disaster, and the other has been dismantled. With reference to the former incident, the London Morning Post commented editorially:

And there is nothing to be said against the construction of more airships, and, if necessary, larger airships, provided only the public is not required to share in the expense of building them.

I should like to suggest that at a time when we are faced with the necessity for economy in Government expenditures we can very well stop the construction of airships because of their lack of military value, the fact that leading nations of the world have abandoned them for such purposes, and likewise the fact that our own experience has been extremely sad and costly.

There is an additional reason why there may be another move inaugurated in Congress, either during the present session or during coming sessions, to further experiment with dirigibles. I have already intimated that the Goodyear Zeppelin Corporation of America and the Andrew W. Mellon Aluminum Trust are vitally interested in the continuation of such a program. If you do not think that is true, then why did the former company, as soon as they secured the contract from the Government for the building of the *Akron* and the *Macon*, boost their issue of common stock from 1,450,000 to 5,000,000 shares? There may be a preferred-stock list in connection with that deal which would lay back the ears of any overburdened taxpayer.

There is a further reason why an attempt may be made to appropriate funds for the construction of more dirigibles, if not this session then at some other. A measure that passed the House during the seventy-second session contained a neat little joker that could possibly have cost the taxpayers of the United States many millions of dollars, if not billions, and will do so later on if a similar provision ever becomes law. It had a nice patriotic flare to it, just as did the hooey about America's mighty dirigibles, the *Akron* and her sister ship the *Macon*—a sort of "Hail Columbia" lilt to it.

It is difficult to censure anyone for having voted for such a measure, because it sounded innocent and delightfully progressive; in the parlance of modern journalism, we might even say "air-minded", but after defining the terms under which the Postmaster General may enter into contracts we find in the proposed measure the following:

The rate of compensation for services in the transportation of mails under this section shall not exceed the following: \$20 per mile in the case of airships or other aircraft capable of carrying at least 10,000 pounds of mail and a suitable commercial load a distance of at least 2,000 miles without refueling. * * *

Now, I want the House to note these words, "capable of carrying." No aircraft in existence at the present time can carry 10,000 pounds of mail plus a commercial load a distance of 2,000 miles except a dirigible. That very fact in itself eliminates competition except for those who are in-

terested in dirigible construction and operation. Of course, no one needs to remind me of the fact that the measure provides for letting contracts on the basis of competitive bids, but those bids are necessarily limited to big dirigibles in the *Akron* and the *Macón* class, and I will let you guess who those owners are.

Let us look at that \$20 per mile; it is approximately 3,000 miles across the Atlantic Ocean, or on a round trip the ship would cover about 6,000 miles. The Government could, within that law, pay \$120,000 for the transportation of 1 pound of mail across the ocean. That is the same old story of ocean mail contracts that have been successful in building treasure ships or some of America's financiers.

For example, in little less than 1 year the Post Office Department paid the Export Steamship Co., of which J. P. Morgan and Vincent Astor are directors, the sum of \$704,940 for carrying 3 pounds of mail across the ocean. In other words, in this particular case it happened to cost the Government \$234,980 a pound to transport its mail. The above are not the only offenders. There are the South Atlantic Steamship Co., the Mississippi Shipping Co., the Grace Steamship Lines, the American-West African Lines, and others. The subsidy was paid out under the provisions of the Jones-White Merchant Marine Act of 1928, which provided that in order to encourage the development of a large American merchant marine, the Post Office Department would pay subsidies in the form of postal rates based on the tonnage, mileage, and speed of the subsidized ships.

The old rate for carrying ocean mail, charged by both American and foreign ships before that law went into effect, was a flat charge of 80 cents per pound. Thus what the Government paid \$1,400,000 for to the Morgan-Astor owned Export Steamship Co. would have cost only \$9.60 under the old rates. Speaking of economy, I should like to suggest to the House and to the National Economy League, there is one place where we can economize, and the prevention of the passage of such a bill as I have described with reference to future transoceanic air-mail contracts will prevent similar vast expenditures for the purpose of subsidizing the experimentations of private companies in the building and operation of dirigibles that the experience of a long period of years has proved impractical.

Now, Members of the House, these observations lead me to this conclusion. As a result of the evidences I have brought to bear to prove the impracticability of dirigible construction, from the standpoint of war-time use, any further program of this nature inaugurated by Congress will be little short of insanity.

Soon after the crash of the English ship—the *R-101*—the *New York Sun* said in its issue of October 9, 1930:

The only thing that will affect this policy (lighter-than-air craft building) will be the refusal of Congress to appropriate more millions for the building of more aerial death traps. It is silly to say that the *R-101* disaster will contribute much of importance not already known about construction and operation of gigantic dirigibles. It has been demonstrated over and over again, demonstrated thoroughly enough to convince anybody but a member or supporter of the Bureau of (Naval) Aeronautics that dirigibles—which the same Mr. Ingalls recently declared to be practically invulnerable—suffer from weakness inherent in their very nature. Both Admiral Moffet and Mr. Ingalls loudly deplore that the *R-101* was inflated with hydrogen gas; they intimate there would have been no disaster if helium had been employed. The *Shenandoah* was inflated with helium gas when it cracked under the strain of a prairie windstorm.

And I might add in my own words that the *Akron* was likewise inflated with helium when she plunged to her watery grave off Barnegat Light.

The *Washington Times*, in a news article under date of April 12, 1933, indicated that the loss involved in that most recent tragedy was approximately \$10,000,000, the sum being a conservative estimate from figures obtained through a check on all the elements of the expense of operation, personnel pay and training, loss of helium gas, and so forth, with nothing said about the lives of 73 human beings that were lost. Speaking of legalized murder, it would seem that there could be no more excellent example than that experience.

The taxpayers of this country must not be insulted with additional appropriations for such works. I am inclined to think the mills of those taxpayers, like the mills of the gods, grind slowly, but they grind exceedingly fine. We must not continue spending their money in such a wasteful manner in order that the profits thereof may go into the pockets of the rich, and continue to float a program that has been kept alive in America after England, France, and all the great powers of the world, bristling with other types of armament, have abandoned attempts to adapt dirigibles to either peacetime or defense purposes, while the hearts of many ache for those who were lost on the *Shenandoah* and for those who went down into the sea with the twisted, broken wreckage of the *Akron*.

Money that belongs to the people should be sacred, and the lives of human beings are precious, according to the annals of civilization. [Applause.]

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, when I picked up the morning paper today and read that the ladies of the D.A.R., now in conference assembled, had been told yesterday that this Congress had appropriated a million and a quarter dollars for the construction of the American embassy in Moscow, and that it would cost \$400,000 per annum to keep it up, I was reminded of the definition of genius as being the infinite capacity for making mistakes, and especially does it seem that this capacity is augmented in an election year.

What are the facts? The facts are that this Congress appropriated \$1,165,000, not for an ambassador's residence, which is what the word "embassy" means, but for a complete diplomatic and consular mission, consisting of, first, a centralized office building for diplomatic, consular officers, and all other American representatives in Moscow; second, residential quarters for the entire American staff in Moscow, now numbering about 40, and finally, an ambassador's residence, which, instead of costing \$1,250,000, will cost less than \$200,000.

What were the precedents as set by our Republican friends? In the spring of 1925 the Congress authorized an expenditure of \$1,250,000 for a complete diplomatic mission in Tokyo. This project in Japan consists of a centralized office building, two apartment houses for the lower-salaried staff, and an ambassador's residence, and seems to me a clear analogy to the project envisaged for Moscow.

Again in the Coolidge administration Congress authorized the acquisition and repair of an Ambassador's residence in Paris for \$300,000, and subsequently under the Foreign Service Buildings Act passed in the Coolidge administration in May 1926 the Government acquired a plot of land in Paris for a centralized office building at a cost of \$1,219,000. This office building which I have not seen, but am informed, is well designed and constructed by an American architect and an American general contractor, has just been finished at a cost of \$1,275,000, making a total capital investment in Paris of nearly \$3,000,000. The cost of the maintenance of this office building is estimated at 30.19 cents a square foot as compared with the maintenance cost of 31.99 cents for our House Office Buildings, or an estimate of 46.66 cents a square foot for the Senate Office Building, including the new wing. Again, under the same Foreign Service Buildings Act in the Hoover administration, the Government acquired in Buenos Aires an Ambassador's residence standing in 2½ acres of ground, for \$1,269,000 with an added cost of more than \$150,000 for repairs, and so forth. In comparison with this, our Democratic project of an Ambassador's residence in Moscow to cost not more than \$200,000 seems eminently modest.

Again, in Rome, Italy, the Government acquired, in the Hoover administration, a plot of land on which were two identical houses which are to be used after remodeling and repair, the one for all Government offices and the other for an Ambassador's residence. This Rome purchase totaled \$1,105,000.

Again in Berlin under the Hoover administration a plot of land consisting of an acre and a half in the heart of the city was acquired for \$1,705,000. When this is improved with an office building which will include the Ambassador's residence and offices for all American representatives in Berlin, the total cost will approximate two and a half million dollars, which is considerably more than \$1,165,000 now projected for Russia.

How do these expenditures abroad compare with our Government expenditures in this country? Generally—and I may say much to my surprise—I find that even in a Republican administration the expenditures abroad were less than the expenditures under a Republican administration right here in Washington. For example, the cost of property purchased in Paris was approximately \$28.75 a square foot; for Berlin, \$25.46 a square foot; for Rome, \$10.16 a square foot. All these prices are for the complete purchase, and therefore the value of the standing buildings is figured as nothing. By contrast the cost of the land to the Government under the Supreme Court Building, which was acquired by condemnation, was \$9.74 a square foot; under the building just being finished for the Department of Justice was \$34.73; under the building now housing the Post Office Department, \$22.77 a square foot; under the Interstate Commerce and Labor Building, \$17.82 a square foot.

The comparable construction in Tokyo was \$0.57 a cubic foot for the new buildings; the cost of the new Paris office building was \$0.602 a cubic foot, whereas the cost of the Supreme Court Building is \$1.20 a cubic foot; the cost of the Department of Commerce Building was \$0.615 a cubic foot; the cost of the Post Office Building was \$0.635 a cubic foot; and the cost of the Internal Revenue Building was \$0.535 a cubic foot.

Mr. Chairman, I ask unanimous consent to have inserted as a part of my remarks an excerpt from the Thanksgiving Day speech of President Roosevelt at Savannah a few days after he recognized Russia.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The matter referred to follows:

FROM PRESIDENT ROOSEVELT'S SPEECH AT SAVANNAH, SUNDAY,
NOVEMBER 19, 1933

CANNOT CURE ILLNESS OF 12 YEARS IN 1

The saving grace of America lies in the fact that the overwhelming majority of Americans are possessed of two great qualities—a sense of humor and a sense of proportion. With the one they smile at those who would divide up all the money in the Nation on a per capita basis every Saturday night and at those who lament that they would rather possess pounds and francs than dollars.

With our sense of proportion we understand and accept the fact that in the short space of 1 year we cannot cure the chronic illness that beset us for a dozen years, nor restore the social and economic order with equal and simultaneous success in every part of the Nation and in every walk of life. But, my friends, we are on the way.

It is the pioneering spirit and understanding perspective of the people of the United States which already is making itself felt among other nations of the world.

The simple translation of the peaceful and neighborly purposes of the United States has already given to our sister American Republics a greater faith in our professions of friendship than they have held since the time, over a century ago, when James Monroe encouraged them in their struggles for freedom.

So, too, I have had an example of the effect of honest statement and simple explanation of the fundamental American policy during the past week in Washington. For 16 long years a nation, larger even than ours in population and extent of territory, has been unable to speak officially with the United States or to maintain normal relations. I believe sincerely that the most impelling motive that has lain behind the conversations which were successfully concluded yesterday between Russia and the United States was the desire of both countries for peace and for the strengthening of the peaceful purposes of the civilized world.

It will interest you to know that in the year 1809 the President of the United States, Thomas Jefferson, wrote as follows to his Russian friend, M. Dashkoff:

"Russia and the United States being in character and practice essentially pacific, a common interest in the rights of peaceable nations gives us a common cause in their maintenance."

HOLDS PEACE STRENGTHENED BY RECOGNITION OF RUSSIA

In this spirit of Thomas Jefferson, Mr. Litvinoff and I believe that through the resumption of normal relations the prospects of peace over all the world are greatly strengthened.

Furthermore, I am confident that in a State like Georgia, which had its roots in religious teachings and religious liberty and was the first State in which a Sunday school was established, there must be satisfaction to know that from now on any American sojourning among the great Russian people will be free to worship God in his own way.

It is perhaps especially significant that I should speak of the resumption of relations with Russia in the city from which a century ago the first trans-Atlantic steamship set out on its voyage to the Old World.

I am glad to be back on Georgia soil. I am hurrying to Warm Springs with special interest, for I shall see a splendid new building, given to the cause of helping crippled children by the citizens of the State of Georgia. And I am hurrying back to my cottage there for the almost equally important objective of seeing to it that a prize Georgia turkey is put into the primest possible condition for the Thanksgiving Day feast.

On this Thanksgiving I live to think that many more fathers and mothers and children will partake of turkey than for many years past. What a splendid thing it would be if in every community throughout the land, in celebration of this Thanksgiving—and here in Georgia in celebration of the bicentennial of the founding of the colony—every community would set as its Thanksgiving Day objective the providing of a Thanksgiving dinner for those who have not yet been blessed by the returning prosperity sufficiently to provide their own.

Let me read to you in closing a message delivered a generation ago by a great son of a great Georgia mother, Theodore Roosevelt:

"Materially we must strive to secure a broader economic opportunity for all men so that each shall have a better chance to show the stuff of which he is made. Spiritually and ethically we must strive to bring about clean living and right thinking. We appreciate that the things of the body are important; but we appreciate also that the things of the soul are immeasurably more important. The foundation stone of national life is and ever must be the high individual character of the individual citizen."

I count on the citizens of America to continue to march with me.

Mr. OLIVER of Alabama. Now I shall be very glad to yield for questions.

Mr. RANDOLPH. If the gentleman will yield, I am intensely interested in what the gentleman has said and am in full agreement with his views that we should have adequate quarters for our Embassy in Russia. I do want to ask this question, however: Who is the Senator who made the remarks before the D.A.R. convention yesterday?

Mr. OLIVER of Alabama. It was the Senator from New Jersey.

Mr. RANDOLPH. Mr. BARBOUR?

Mr. OLIVER of Alabama. Yes. May I say further that the statement that \$400,000 per annum will be the cost of the annual upkeep is entirely inaccurate; of that amount about \$150,000 represents the pay of the personnel, and then there must be deducted such items as heat, fuel, light, telegraph, and other expenses incident to administration. So only a comparatively small part of that amount really represents the outlay which will continue throughout the years. This amount will be reduced next year, I think, when we report the appropriation bill for the fiscal year 1936.

It is also interesting to note that the cost of maintaining our Embassy and offices in Paris, exclusive of the interest on the capital investment of \$2,800,000, is approximately \$300,000.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. COLMER. Is the gentleman familiar with the amount of money other countries have spent by way of investment in embassies in this country?

Mr. OLIVER of Alabama. I think they have been very extravagant; and I do not think a democratic Government like ours will ever approve of doing more than this Congress has appropriated for Moscow and which a former Congress appropriated for Tokyo. When the matter of the purchase of the Ambassador's residence in Argentina was brought to the attention of the House, there was real indignation on both sides of the aisle at the action of the commission in spending money so recklessly. [Applause.]

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, some weeks ago, the majority leader, the gentleman from Tennessee [Mr. BYRNS], and other Members of the House objected to certain news articles and bulk matter that were going into the CONGRESSIONAL RECORD. At that time I told the majority leader that I

would use what influence I had with the Joint Committee on Printing in trying to correct this practice, or at least see what would be done to make it conform with existing laws touching the subject.

I requested the Public Printer to ascertain the annual cost of the bulk matter that goes into the RECORD at the request of the Members of the House, and he advised me that it was between \$250,000 and \$300,000. This, of course, covers the time the Congress is in session, usually about 5 months.

I have observed, during this session of Congress, that a great deal of printed matter is being inserted in the RECORD and have tried my best to secure the adoption by the Committee on Printing of the following resolution:

Resolved by the House of Representatives (the Senate concurring), That the following shall be a joint rule of the Senate and House of Representatives, viz:

It shall not be in order to entertain a motion or a request for unanimous consent to print any matter as a document other than an official communication transmitted pursuant to law, nor to insert any matter in the CONGRESSIONAL RECORD other than memorials of State legislatures, unless such printing or insertion shall be recommended by the Committee on Printing of either House, accompanied by an estimate by the Public Printer of the probable cost thereof.

The presiding officers of the two Houses, respectively, shall enforce this rule.

Other resolutions have been presented to the committee, but the Joint Committee on Printing does not agree on the manner of curbing the Members of the Senate and House inserting in the RECORD bulk printing and miscellaneous matter.

I should like to speak at great length in reference to some of the things that have been inserted in the RECORD during this session, but time will not permit. I do, however, want to call the attention of the Members of the House to letters that have been inserted in the RECORD during the past week. Very prominent Members have inserted these letters at the request of others. The letters take up as many as five and a half pages and cost the taxpayers of this country \$250 for the insertion. In addition to that they use the privilege of franking these personal remarks all over their districts.

Now, in my opinion this is absolutely wrong. If a Member of Congress having served 4 or 5 years is not able to convince the people back home that he is able to represent them, I see no reason why the taxpayers of this country should have to pay for franking out these letters for the benefit of individual Members in their own districts. The franking of these matters involves a greater expense to the taxpayers of the country than does the insertion in the RECORD. Why should the taxpayers be imposed upon to pay the great expense of telling to the constituents of a Congressman or Senator what a fine fellow he is, what ability he possesses, how hard he works for their interest?

I realize a Member of Congress can be just as busy as he chooses, and I believe that the great majority of Members of Congress are ardent workers and deserve credit for doing the work they do.

There is also the fact that when we have these pamphlets printed they have written on their face, "Not printed at Government expense." May I say that I have tried to make an investigation, and I find that the amount that we pay for these pamphlets is not in accordance with what an individual would have to pay for printing same in any printing shop in the United States. The taxpayers of the country are paying for these remarks, the Members of Congress getting the benefit. I say that it is absolutely wrong to what extent some Members use the privilege, and we ought to curb the practice.

May I say that any Member of the House of Representatives who asks an influential Member of the House, whether it be the majority leader, the minority leader, or someone else, to insert a speech of his in the RECORD is doing the wrong thing. If he wants to put the speech in the RECORD, he ought to put it in under his own name and not force an influential Member to do something that I have my doubts at times if the Member wants to do. If each Member of the House of Representatives were to put in a letter that took five

and a half pages, it would cost the taxpayers over \$100,000. Not only that, but if you have a number of thousand printed in the Printing Office, it is liable to cost the taxpayers of this country four or five hundred thousand dollars; and I do not think the taxpayers want to spread this kind of self-written literature over all the country for the political and social benefit of a Member of Congress.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. PATMAN. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Texas.

Mr. PATMAN. I am interested in the gentleman's statement that the Government Printing Office prints the speeches of Members at less than cost. The chairman of the committee made the statement on the floor of the House that the Government made about 10 percent profit. On yesterday I ordered a thousand copies of a speech, and I paid \$23.37 for the thousand. I believe you could get them printed in Washington or a printing office in the gentleman's local community for that price. If the gentleman says that they are being printed below cost he is in disagreement with his own chairman, who says that the Government is making a profit of 10 percent. I agree with the gentleman that no Member should insert extraneous matter into the RECORD unless it is in the interest of the general welfare.

Mr. RICH. May I say that Mr. LAMBETH is in hearty accord with the statement I have made regarding printing bulk matter, by unanimous consent, and is doing everything he can to reduce the cost of the Government printing. He does not want this extraneous matter placed in the RECORD.

Mr. PATMAN. I agree with the gentleman.

Mr. RICH. He told me time and time again that this was the case so far as the cost of printing these pamphlets is concerned. We have had presented to us a proposition from outside people who would take over the Government printing and save the Government \$2,000,000 a year if they could operate the plant. I am not in favor of doing away with the Government Printing Office, because I think there is a necessity to maintain the Government Printing Office. I do object, however, to increasing its personnel for emergency organizations printing such as N.R.A., A.A.A., C.W.A., P.W.A., and so forth, employing 650 additional persons in the Government Printing Office above their regular working force, when the printing plants of this country are crying for work to keep their plants in operation. They pay taxes and support this Government; yet we permit the Government to increase its operation. It is wrong. Members of Congress, it is socialistic government. I have opposed it, and shall oppose it, for no other reason than that it is wrong for our Government to go into business in competition with private enterprise.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, there has been so much misrepresentation and erroneous information given out concerning the Frazier-Lemke bill that I feel called upon to explain this bill so that the Members may know just what it is. Some of these misstatements were undoubtedly made for the purpose of preventing us from getting 145 signatures on the petition to discharge the committee. At least, they were made by Members who did not have the courtesy to read the bill and inform themselves on what it was before they spoke. To these people I would suggest this rule: "If you do not know what a bill is, either find out or remain silent until you do know."

The Frazier-Lemke bill provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands—better security than gold or silver, because you cannot eat gold or silver, but you can eat the products that grow on the farms, therefore your life depends upon the farms. These farm mortgages are the best security

on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of \$6,345,000,000 at 1½-percent interest in 47 years, the time required for amortization of the farm indebtedness.

Let us compare the Frazier-Lemke bill with the one passed by the special session of Congress, written in New York in the atmosphere of the money changers. Under that bill, if all the farm indebtedness were refinanced, the farmers of this Nation would pay \$12,492,500,000 in 39 years to the bondholders. Under the Frazier-Lemke bill the farmers would have to pay just \$6,149,500,000 less interest in 47 years, and at the same time the Government would make a net profit of \$6,345,000,000 and to that extent lessen our Federal tax burden.

Under the present Farm Mortgage Act the farmer is asked to pay 4½-percent interest if he lives in a Federal farm loan association district, and 5 percent if he does not, and in addition pay 1 percent for administration and buy stock in an amount equal to 5 percent of the loan, making 10½ or 11 percent for the first year and thereafter 4½- or 5-percent interest, together with 1 percent for amortization, making 5½ or 6 percent annually until paid. While under the Frazier-Lemke bill he will pay 1½-percent interest and 1½-percent principal, or \$30 for each \$1,000 borrowed, for approximately 47 years. Under the Frazier-Lemke bill a farmer could carry a \$17,000 mortgage loan, as far as his ability to pay goes, as easily as a \$5,000 loan under the present law. The Frazier-Lemke bill takes into consideration the farmer's ability to pay. Under the provisions of this bill a farmer, on a \$10,000 loan, will have to pay \$24,000 less in interest in 47 years than he would have to pay if he got the same loan for 6 percent straight. Surely we are all for that. Another difference is that under the present law hundreds and thousands of farmers are losing their farms by mortgage foreclosure because of their inability to meet the requirements and limitations of that law, while under the Frazier-Lemke bill they could be refinanced and their homes saved.

There is a limitation of the amount of Federal Reserve notes that can be issued under this bill because the bill provides that—

Whenever the amount of money actually in circulation in the United States shall exceed \$75 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds for which Federal Reserve notes were issued, not to exceed 2 percent in any one year of the amount of Federal Reserve notes so issued.

Under this provision, if this bill had been a law when this session of Congress opened, there could have been issued approximately \$3,000,000,000—but since the per capita circulation has gone down \$3.63 since this session opened, since there has been a deflation to that extent, there could now be issued under that bill some \$3,200,000,000. In order to satisfy our critics, we are willing to accept an amendment when this bill comes up, limiting in express words, that the amount of Federal Reserve notes outstanding at any one time under this bill shall not exceed \$3,000,000,000.

This will be sufficient to refinance and save the farmers. If we had passed this bill in the special session, this \$3,000,000,000, used as a revolving fund, would have given us an intelligent expansion of the currency and would have made it unnecessary for the Government to issue billions of tax-exempt interest-bearing bonds. That is the difference between the Frazier-Lemke bill and the present policy of the Government borrowing money and guaranteeing bonds.

In passing, I simply wish to state that there never was any justification for the wild statements that the passage of this bill would require eight and one-half billion dollars of new currency. In fact, it will not require \$3,000,000,000 as a revolving fund because when sufficient new currency is issued and the people again have enough money to do the Nation's business, they themselves will buy some of these bonds, and \$3,000,000,000 as a revolving fund will be more than sufficient to refinance the entire farm indebtedness.

Our Government now prints Federal Reserve notes and gives them to the Federal Reserve bank at 0.7 of 1 cent per bill—the cost of printing. It makes no difference whether that bill is a one-dollar bill or a thousand-dollar bill—or whether they keep it for 1 year or for 20 years—all they ever pay your Uncle Sam for it is 0.7 of 1 cent per bill. The amount of all the paper money given by the Government to the banks amounted on January 1 last to over \$4,878,500,000, of which amount over \$3,332,000,000 were Federal Reserve notes.

What is back of this paper money? Is there gold back of it? There is not. Is there even a farm back of it? There is not. There is simply the indebtedness of the United States—a Government bond—back of it. There is no gold back of it and if any of you think there is, just take a Federal Reserve note to the United States Treasury and try to get gold for it, and you will find that you cannot get it. If you could get it, then I could have you arrested for violating the law and having monetary gold in your possession. That is how much gold you have back of the Federal Reserve notes now in circulation. I am informed that some of the Federal Reserve banks' notes, issued under the act that we passed during the special session of Congress, have nothing back of them excepting bonds of some of Mr. Insull's public utilities. Of course I am not objecting to this, but I simply want to impress upon your minds that money is made by law, that it is a medium of exchange—a yardstick with which we measure the muscular and brain energy of a people, and we ought to have enough intelligence in this Congress to provide a sufficient medium of exchange—enough money to keep the energy of the people of the United States busy in useful occupations.

Of course, there can be too much money as well as there can be too little. Just now we have too little. The depression was caused and is due to the fact that we have too little—too few yardsticks—not enough money to do the Nation's business. Our trouble has been that we have not had the courage to approach this subject fearlessly and intelligently, but instead have tried to borrow ourselves out of debt by plunging the Nation further into debt.

After your Government had given all this money to these bankers, it found it necessary to borrow back some of the money that it gave away. It had to sell bonds and certificates of indebtedness. The amount of these bonds and certificates of indebtedness on January 1 last amounted to over \$25,000,000,000 and will be some \$32,000,000,000 by the end of the year. These bonds bear interest on an average of about 3½ percent and are tax exempt. In other words, these bankers use the \$4,878,500,000 paper money which your Government gave them as a revolving fund, with which they bought the \$25,000,000,000 tax-exempt interest-bearing bonds and certificates of indebtedness.

If our Government can do this for the bankers, why can it not do it for the farmers? Why not do it for agriculture? Why not issue Federal Reserve notes secured by better security than the bankers put up—secured by the farms of this Nation? Why not do the reasonable thing, the intelligent thing, the only thing, and pass the Frazier-Lemke bill? When this bill becomes a law, it will reduce a farmer's indebtedness by three fifths in 47 years because of the lower rate of interest, and in addition the Government will make a net profit of \$6,345,000,000.

When the Frazier-Lemke bill passes there will be issued and put into circulation among the people between two and three billion dollars of new currency—Federal Reserve notes. It will again give purchasing power to the people. The farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills, and all will start in again repairing and improving their homes. Unemployment and starvation will cease. The enforced idleness of millions of men and women will disappear, and we will hear no more of overproduction. Consumption will again be normal—real prosperity will return. There is danger ahead. You cannot keep on borrowing money—you cannot continue the C.W.A. and P.W.A.—because the credit

of the United States is sooner or later going to be exhausted. Let us put more money in circulation among the men and women of this Nation. Let us get this bill out of committee, pass it, and put two or three billion dollars in actual circulation.

This bill has the official endorsement of the National Farmers' Union; it has the official endorsement of some State Farm Bureau organizations and of many bureau and grange locals throughout the Nation. It has the approval of 95 percent of the farmers of this Nation; it has the approval of every intelligent banker, business, and professional man and woman. Twenty-one State legislatures have asked Congress to pass this bill. They are Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, and Wisconsin. It has the approval of the lower house of the State Legislature of New York, the President's own State, as well as that of Ohio and of Delaware. Surely no Member of Congress from these States is justified in ignoring these mandates from his State.

Last Monday we were within a few signatures of the required 145 to discharge the committee having charge of the Frazier-Lemke bill. Not only were we within striking distance but sufficient Members were ready to sign, when suddenly all the force of the conservatives of both parties was brought into action to prevent Members from signing and to urge those who had signed to withdraw their names.

I am informed that there were long-distance telephone calls from New York—that there were local telephone calls here in Washington—that Members were called up and visited in their offices and urged to withdraw their names. In short, the Frazier-Lemke bill ran into a wet spell—a Rainey spell—and when that spell was over, 12 of the outposts on the petition had been washed away—12 Members had withdrawn their names. The hopes and aspirations of the 30,000,000 men, women, and children that live on the farms were again temporarily dashed upon the rocks, but not permanently wrecked or destroyed because we are going to get the Frazier-Lemke bill out of committee in spite of this opposition. Time and determination will right all wrong—justice will eventually triumph.

Two of the 12 Members who lost themselves in the onslaught have since regained their better judgment and reinstated their names; whether the other 10 have actually drowned or been permanently lost during the Rainey spell remains to be seen. Their names will be made public unless they reinstate them. The people of their State and district have a right to know who's who and they shall know. In the meantime, in fairness to these Members, knowing the terrific pressure that was used to get their names off, we will give them a breathing spell to regain their better judgment. In the end, they will have to decide what the electorate in their district demands of them in this case; that decision is their privilege.

I will say to the men and women that I have no objection and find no fault with any man or any woman who took his or her name off of that petition, but I think they did not act for the best interests of this Nation when they did it.

I did not find any pressure up there in the press gallery, I found the pressure about 12 feet below the press gallery that took off the names.

Mrs. JENCKES of Indiana. Will the gentleman yield?

Mr. LEMKE. Certainly.

Mrs. JENCKES of Indiana. I took my name off of the Frazier-Lemke petition for the reason that it had been there for 2 months and nothing had been done. I am ready to "go to bat" for the bill, but I think when a bill languishes that long you are going to have trouble when it gets out and is up for consideration, and we had better turn another way for relief.

Mr. TRUAX. Will the gentleman yield?

Mr. LEMKE. Yes.

Mr. TRUAX. I should like to make an observation. My name is also on that petition, and I think the number of it

is 23, signed during the first session of the Congress, and I want to say to my good friend from Indiana that we will never get satisfactory refinancing of farm mortgages if Members state that they believe in the bill, but they do not believe in it to the extent of discharging the committee from further consideration of the bill. I say to you that when 145 Members of the House of Representatives sign a petition to discharge a committee from further consideration of any bill, it ought to be brought up and given a chance to be voted upon, because 125 Members of this House represent at least 40,000,000 people of this great country of ours.

Mr. RANDOLPH. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. RANDOLPH. Will the gentleman be kind enough to state to the Membership of the House how many names have been withdrawn from the petition to discharge the committee?

Mr. LEMKE. I will do that, because a misstatement was made on the floor here that there were 14. There were not 14; there were 12, and 2 went back on, and I am satisfied that the other 10 are going back on. [Applause.]

I want to say to the gentlewoman from Indiana that I am glad that she is with the farmers. I know she believes in the farmers' cause, and I would ask her to put her name back on the petition, because she took it off just at the time when we would have gone over, because on that day we had 141 signatures.

In the meantime, in order to keep the Members from reinstating their names, it has been stated from the floor of the House and from the Speaker's chair that it was against the rule to make their names public. The rule reads in part:

The motion—

That is, the petition—

shall be placed in the custody of the Clerk, who shall arrange some convenient place for the signature of Members. A signature may be withdrawn by a Member in writing at any time before the motion is entered on the Journal. When Members to the total number of 145 shall have signed the motion it shall be entered on the Journal, printed with the signatures thereto in the CONGRESSIONAL RECORD, and referred to the Calendar of Motions to Discharge Committees.

There is not a word in that language that requires secrecy or star-chamber proceedings. The fact is that the rule itself requires it to be made public through the CONGRESSIONAL RECORD when 145 signatures are secured.

I appeal to each and every Member of this House to read this rule and then tell me whether the interpretation put upon the language by former Speakers of this House is justifiable. I deny that any former Speaker could have intelligently and fairly interpreted that language to mean secrecy. The fact that other Speakers have done violence to the language is no reason why our distinguished Speaker should do so. The right to alter the rules belongs to the Membership of this body and not to the Speaker. I deny that there is anything in this rule that prevents any Member from making public the names of those who signed the petition or those who withdrew their names. Some of the Members who signed the petition themselves made that fact public to their constituents. Surely, no Member wishes to secretly take his name off without his constituents' knowledge. No Speaker or any Member of this House—who temporarily forget that they are but the servants of the people—can put a padlock upon our brains or seal our lips. The public have a right to know what their representatives in Washington are doing—and they are going to know, and we are sure that no Member objects to their knowing.

I am sure that those who withdrew their names and have not as yet reinstated them, were acting in good faith and whatever their ultimate action on this matter is, will not object to having the public know it. I am sure that the 131 Members of this Congress, whose names still remain on the petition, have the courage of their conviction—the honesty of their conscience, so that they are proud to have the world know that they had the common decency of signing the petition to bring the Frazier-Lemke bill out of committee and onto the floor for a discussion on its merits.

There is no occasion for secrecy about this. There is no rule to the contrary, and the Speaker cannot make rules to tell this body what to do, or what to say, or how to think. The rules are made on the floor of the House by the House. If you can tell me that I cannot make it public when I sign a petition, then you can tell me I cannot make it public when I withdraw my name, and you can tell me that I cannot make it public that I did not sign a petition. Let us stop this silly talk about rules. The public has a right to know who signs these petitions and who does not, and no one who has signed or withdrawn their names have been heard to object.

I am not asking you to vote for this measure, but let us put our names on this petition and find out whether we want this legislation or not. A majority should rule, not a little minority that gets names taken off after they are put on a petition.

This bill is not only for the benefit of the farmers; it benefits all classes of people. Here are some telegrams of endorsement. Here is one from the McKenzie County Bankers' Association of North Dakota. Here is one from the First International Bank of Minot, urging that this bill be passed. Here is one from the People's State Bank of Velva, N.Dak. Here is one from the Independent Bankers' Association of the State of Minnesota. Here is one from the Chamber of Commerce of Fargo, N.Dak. Here is a letter of endorsement from the First National Bank of Roxton, Tex. Here is one from three banks, the First National Bank, the Farmers' State Bank, the Liberty National Bank of Dickinson, N.Dak. Here is another from the State bank examiner of North Dakota, Adam Lefor. Here is a letter from Elmer A. Benson, commissioner of banks of the State of Minnesota. Here is a letter from the Minnesota Farm Bureau Federation. Here are endorsements from Farm Bureau and Grange local organizations, all urging that this bill be passed, and all but one received within the last 2 days.

Now, here is a telegram that I do want to read.

The CHAIRMAN. Without objection, the gentleman may read the telegram.

Mr. LEMKE. The telegram reads as follows:

BISMARCK, N.DAK., April 17, 1934.

Hon. WILLIAM LEMKE,
House of Representatives:

I strongly urge the passage of the Frazier-Lemke refinancing bill. Farmers for the past 10 years have operated under adverse conditions, resulting in an accumulation of debts, nonpayment of taxes, and almost completely eliminating their purchasing power, until it has seriously affected business men, banks, and the State. Farmer needs to refinance his present indebtedness under a more favorable mortgage than he is offered at the present time. The Frazier-Lemke bill would refinance not only the farmers' mortgages and indebtedness but would also put the financial structure of the State, business men, and banks in a much improved condition and without question would revive business, because the farmer would have his purchasing power increased on account of the benefits he would derive under the more favorable terms of the Frazier-Lemke bill.

BANK OF NORTH DAKOTA,
R. M. STANGLER.

That is from the Bank of North Dakota, R. M. Stangler, manager. It is the only State-owned, operated, and controlled bank in the United States of America, one of the strongest and best institutions in the country.

(The time of Mr. LEMKE having expired, he was given 5 minutes more.)

Mr. BUCK. Will the gentleman yield?

Mr. LEMKE. I will yield.

Mr. BUCK. I should like to ask the gentleman if he is aware of the fact that when the bill came up in the Committee on Agriculture, and a hearing was asked for on the bill, the leading proponent for the bill asked that the matter lie on the table?

Mr. LEMKE. There was an attempt made, as there was in the McLeod bill, to chloroform it by sending it to the Rules Committee, and if that had been done, I would have had to start all over again.

Mr. BUCK. The gentleman is in error in saying that there was an attempt to chloroform the bill in the Commit-

tee on Agriculture. The question was whether we would give a hearing on the bill.

Mr. BOILEAU. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. The gentleman has referred to me. The matter came up on two occasions. I offered the Frazier-Lemke bill as a substitute in the committee, and both times I was ruled out of order by the chairman. In fairness to the Members of the House, I want to say that it was said that there would be an opportunity for it to be considered under the discharge rule.

The other day I asked that the matter be referred to the committee immediately, for I believed we could not get it in that short time on the floor of the House.

Mr. MARTIN of Oregon. Mr. Chairman, cannot the gentleman be given 15 minutes to make a speech?

Mr. BUCK. If the gentleman will further yield, I want to say that at the meeting of the Committee on Agriculture it was determined not to use it as a substitute for the bill from the Committee on Banking and Currency, but a request was made whether the committee would hear it, and the gentleman from Wisconsin desired it to be laid on the table.

Mr. LEMKE. I thank the gentleman for the suggestion. I have no quarrel with the Committee on Agriculture, because 6 of the Democratic members and 5 of the Republican members signed the petition to discharge the committee. So I take my hat off to the Committee on Agriculture.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. BOILEAU. Is it not a fact that the gentleman from North Dakota and myself have talked over this matter and decided that we would have a better opportunity to get consideration of the bill if we could appeal to the Members of the House to sign this petition, realizing that if the committee took any action it would put the matter up to the Rules Committee, and delay action, and absolutely kill any possible action at this session of Congress?

Mr. LEMKE. Yes; and at the time the gentleman talked to me I told him that we had 15 Members pledged to go and sign and make up the few that we lacked from having 145 and we would have had enough if we had not run into wet weather. We ran into a Rainey day.

Mr. BOILEAU. The gentleman and I are in accord on that proposition.

Mr. LEMKE. Absolutely.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. POWERS. Mr. Chairman, I yield the gentleman 3 minutes more.

Mr. LEMKE. I want to say to you Members that I find no fault with any Member who signed the petition or who has taken his name off the petition. I think they are sincere and honest, and that they are not afraid to have their names made public. I object to the attempt to gag us.

I cannot agree with the gentleman from Texas [Mr. BLANTON] that the press should be muzzled. I believe that the Associated Press, by turning the white light of publicity upon what takes place here on this floor, is rendering the Nation a great service. I cannot conceive how any Member can so far forget himself as to criticize the press for keeping the public informed. Especially do I wish to congratulate the Hearst press, because under its able editorial writer, Arthur Brisbane, it has for years been in the forefront advocating progressive legislation. If it were not for the press, how could the people way up there on the Panhandle—up there in the rarified air that develops such wonderful lung power—ever be able to discover when they had made a mistake on election day? No; what the gentleman from Texas needs is more publicity, not less. He did not sign the petition, therefore was not able to take his name off. Nobody who has signed it is complaining, nor anyone who took his name off. Is the gentleman afraid that the people of his district may discover that he did not sign?

The gentleman from North Carolina [Mr. WARREN] stated the other day that the rule permitting 145 Members to discharge a committee was a foolish rule. He talked about the orderly procedure of committees. In reply I will say that I know of no discharge petition that ever was foolish enough to attempt to violate the spirit of the Declaration of Independence and the spirit of the fourteenth amendment by putting up a sign on the public House restaurant and attempting to make it a private restaurant for Members only, in order to prevent a colored gentleman, a secretary of a Member of Congress, from getting his meals there. Yet that was the work of a committee, we are told.

I have signed every petition on the Speaker's desk to discharge a committee for the reason that I have discovered, in the short time that I have been here, that important legislation—legislation that the people want—is generally chloroformed or has most of its teeth pulled in committees. I have discovered that as a rule, if any Cabinet officer or Secretary objects to a measure, the committee will chloroform it. In other words, the laws of this Nation are now largely being written by persons who are not Members of Congress, who never have been Members, and who never could or would be elected. I have signed these petitions, believing that on all important legislation the Members of this Congress have a right finally to pass upon its merits. The reason that there are so many petitions at the Speaker's desk now is because an unwarranted attempt has been made to throttle the will of this Congress, and, through them, the will of the people of this Nation.

Therefore, I respectfully ask the Members of this Congress who are interested in agriculture, and who believe that the farmer should have a new deal and not only a new shuffle, to come up here to the Speaker's desk and sign the petition. [Applause.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. RICH. Whenever the people of this country want to get away from the farms, or want to get away from their homes and away from their business connections, it is a liability, rather than an asset, and I say that then this country is on the wrong road to recovery.

Mr. LEMKE. The gentleman has signed the petition, has he not?

Mr. RICH. I signed the petition; and there is one thing I want to do, and that is to be sure that we have not got a real inflation measure here, and then I am for it.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. TRUAX. Mr. Chairman, will the gentleman yield the gentleman from North Dakota 1 minute more?

Mr. POWERS. Mr. Chairman, I yield 1 minute more to the gentleman.

Mr. TRUAX. The gentleman from North Dakota mentioned something about Cabinet officers lobbying against this bill. I have heard reports that certain Cabinet officers called up Members of this House, called them out in the corridors and asked them to withdraw their names from this petition. Is that the truth? Can the gentleman answer that?

Mr. LEMKE. I have been so informed. There has been some question as to who gave the names of those who signed to the Post Office Department and to the Department of Commerce. Both departments, I am informed, had a list and called up Members that had signed and asked them to take their names off the petition. Some of these calls, I understand, came by long distance from New York.

Mr. TRUAX. Does the gentleman know the real opposition to this bill? Because they are the same opponents of the McLeod bill and of all other bills that seek to issue new money.

Mr. LEMKE. The gentleman is correct—the opposition comes from the international bankers.

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, it is amazing how reckless and willful some of these Republican gentlemen can be in their misrepresentation of facts. The gentleman who preceded me, the gentleman from North Dakota [Mr. LEMKE], is one of those. He opposed bringing in the rule to expedite the business of the House and now he is objecting very much because we do not bring in a rule. If the Rules Committee were to bring in rules on all of the bills pending before it, we would have about 150 bills before this House and that would make an impossible situation. I have supported all of the farm legislation and did it for many years before the gentleman was a Member of this House.

Mr. LEMKE. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I cannot now.

Mr. LEMKE. I was going to ask the gentleman to sign the petition.

Mr. SABATH. I have voted for all farm-relief legislation for more than 20 years, and during all of that time Congress has not done so much for the farmers as has been done within 1 year under a Democratic administration, under the leadership of Franklin D. Roosevelt. The trouble with you and others is that you are trying to secure a lot of publicity to obtain credit at home, and that is the underlying reason for many of the reckless and insincere speeches and statements that are being made. Let us be honest. You know that within a year we have appropriated, to aid and refinance the farmers, two and one half billion dollars. We have made over 250,000 individual loans, have reduced the interest on farm mortgages by nearly one half, and are making farm loans to the amount of \$3,000,000 a day, all of which has saved hundreds of thousands of farmers from losing their farms. So that today, as I have stated, more has been done for the farmers during the period of 1 year under the Democratic administration than was done during 12 years under 3 Republican administrations. [Applause.]

Personally, if I knew where and how the money could be obtained I would sign the gentleman's petition; but in my city, in my State, as well as in the gentleman's State, are thousands of people who are clamoring for the refinancing of the so-called "gold bonds" that were issued under a Republican administration to the extent of billions of dollars. I have the utmost sympathy for these unfortunate men who have been imposed upon and who have invested their hard-earned money in these bonds. I would like to help them. I hold in my hand a newspaper clipping stating that 20,000 people marched in my city demanding action to relieve them and to secure some legislation to bring about relief to the hundreds and thousands of old men and women, widows and orphans who invested their every dollar in these securities. I wish it could be done, and I shall do all in my power to bring about some relief for these unfortunate people who are being taken advantage of by the very people who unloaded these bonds upon them, who have organized so-called "protective bondholders' committees" to enable them to control these properties. They have organized not for the purpose of protecting the bondholders but to protect themselves and to rob the bondholders of any equity they may have left in these properties. For the purpose of protecting these bondholders I have been supporting not only resolutions to bring about investigations, but have also introduced a resolution for the punishment of all those guilty of dishonest transactions.

In addition to these demands thousands upon thousands of depositors in banks that were forced to close because of the Republican panic and conditions brought about by the Republican administration are clamoring for their money. I wish we could take care of these depositors and pay them dollar for dollar, but it cannot all be done overnight. We of the Democratic Party are doing everything humanly possible to relieve the American people. It took 12 years of Republican administration to bring wreck, ruin, and despair to America. We cannot rectify and reconstruct in 1 year that which the Republican administration took 12 years to tear down. We are making progress. I think we are doing splendidly, and I think the American people recognize and appreciate the honest efforts of President

Roosevelt and his administration. If there is any doubt of that, scan the Illinois primary election returns. I feel that within a short time additional legislation will be forthcoming to give further relief and aid for the American people, including both farm and city dwellers. I am sure that such remedial legislation will be passed as speedily as possible.

Mr. Chairman, the gentlemen from the rural sections of the country, unfortunately, are under the impression that only they are entitled to exist and live; they forget that we have millions and millions of people, worthy wage earners, who have been out of employment for 2 or 3 years, who are still unable to find employment, and cannot find enough to exist on. They have no land from which to obtain a living. This administration praiseworthy has taken care of at least 4,000,000 or 5,000,000 of these unfortunate heads of families and has saved them from literal starvation.

This administration should not be unjustly and unfairly criticized by the Republicans. Let us be honest with ourselves; let us be honest with the country; let us be honest with the people whom we represent, whom we have been elected to serve. Let us not be carried away by politics.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield for a question?

Mr. SABATH. No; I am sorry I cannot yield, for it would not be a question intelligent enough for any man to answer.

We are making progress; and I say to the Members representing the farm section of the country that they never had a more friendly administration or a more friendly Congress than it has right now. [Applause.] We are legislating in the right direction, and relief will be forthcoming to a greater extent than ever before in the history of the country.

Mr. Chairman, I cannot be real angry with my Republican colleagues. They are in desperate circumstances; they are trying to create some issue for the forthcoming campaign, and for that reason, day in and day out, they vainly try to find something to criticize in the actions of either the Democratic House or the Democratic Administration.

A few moments ago the gentleman from Pennsylvania complained of the tremendous cost of the printing of speeches. He did not, however, say that this Democratic administration has saved in the printing bill alone over \$160,000 within only the last few months. We have been saving money; we have been curtailing; we have been practicing real economy instead of lip economy, the kind rendered by the Republican Party. For years the Republicans preached economy without practicing it. As a matter of fact, during that time appropriations increased to such an extent that during the last year of the Republican administration there was a deficit of over \$3,000,000,000. We cannot wonder, therefore, that these gentlemen realize that the people who are against them are trying to create new issues.

This was the effort yesterday of the gentleman from Kansas [Mr. McGUIRE]. Having heard the evidence against Dr. Wirt given by 6 honest and honorable American citizens, 3 ladies and 3 gentlemen, he took the floor and cried that we had been attacking unfairly poor Dr. Wirt; but six honorable and honest people had given him the lie direct right to his face.

Within 5 minutes that these men and women contradicted Dr. Wirt and said that every word Dr. Wirt had said was untrue, the gentleman from Kansas takes the floor and pleads that we are persecutorily assailing and attacking poor Dr. Wirt, and calls out to the people of the States and of the country, "They have been unfair; they have also attacked Colonel Lindbergh and Eddie Rickenbacker and others."

No; the Democratic Party has not been attacking them. We recognize the services they have rendered as flyers and as soldiers; but we do maintain that these prominent names should not be used by greedy interests and the corporations which have secured contracts by collusion and fraud,

contracts that have unnecessarily cost the Government from \$6,000,000 to \$10,000,000 annually.

I hope that in the future the Republicans will think twice before they accuse us of attacking people, and in the same breath attack honest and honorable men and women who are patriotically serving the Nation for a nominal compensation.

I had hoped that we could continue to legislate without injecting too much politics during the soul-trying days through which we have gone, but unfortunately this is not the case, as my Republican friends here on the left seemed to feel it absolutely necessary to create some political issue by making these reckless, willful, and deliberate charges which are unfounded in fact and in truth.

Mr. LAMBERTSON. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I cannot yield.

Mr. LAMBERTSON. Is there one sentence of the gentleman's speech which is not political?

Mr. SABATH. No, my speech is not political. I am pleading for legislation in the interest of the masses instead of the classes. Whenever there is an issue between the special interest and the wage earners of America, I am always ready and willing to do my humble little bit, my share, and my part to protect and aid the masses and the wage earners.

About an hour ago the gentleman from Pennsylvania [Mr. McFADDEN] made an attack against the Commissioner of Internal Revenue. I feel he is right in his statements as to the abuses that existed in that Department under a Republican administration, due to the manipulation that was started early in 1921, as soon as President Harding was able to organize that bureau. They immediately started to refund millions and millions that had been properly collected by a Democratic administration.

I say to the gentleman from Pennsylvania that I am in favor of the investigation; and I say again we will find that 95 percent of all the abuses in that Department are due to those Republicans who were placed in important key positions from 1920 to 1932. I hope the investigation will be forthcoming, because I am satisfied that many of the members of these boards, and the others responsible for these great refunds, will be discharged, dismissed, and justifiably eliminated from the public service.

An impartial investigation will prove beyond any doubt that the present Commissioner of Internal Revenue, Mr. Helvering, is conducting that office honestly and efficiently. The only possible charge that can be made against him is that he has not discharged many of the officials under him, who were planted in the Bureau before he took office by the special interests, to enable them to obtain large refunds, allowances, and adjustments that cost the Government during the 12 years of Republican administration over \$3,000,000,000. These selfsame officials have been and are still responsible for nearly \$2,000,000,000 remaining uncollected. I know that the present Commissioner, Mr. Helvering, will exert every effort at his command to collect these unpaid taxes, whether they are due from Japanese, English, or American corporations, and the gentleman from Pennsylvania [Mr. McFADDEN] knows whereof I am speaking.

So it is not that I do not always agree with some Republicans. When they are honest and when they try to legislate in the right direction I am with them, but, unfortunately, this is very seldom. I am with the gentleman from Pennsylvania in his efforts to investigate all abuses and corruption of the Mellon administration or any other administration where corruption existed or exists. I am proud that I have been able to bring about a few investigations such as that of the stock exchange, the Post Office air-mail contracts, and the bankruptcy and receiverships rackets—investigations that have been of benefit to the people and will result in the saving of millions of dollars to the Government. [Applause.]

Mr. JACOBSEN. Mr. Chairman, I yield to the gentleman from California [Mr. FORD].

PUBLIC ACQUISITION OF ELECTRIC SYSTEMS

Mr. FORD. Mr. Chairman, I wish to bring to your attention and to urge your support of a bill I have introduced, known as H.R. 8928.

It provides for the utilization of electrical energy generated in connection with Federal projects, by authorizing the Reconstruction Finance Corporation to finance the acquisition of electrical works by municipalities and other public bodies.

This bill is in line with the President's four-corner yardstick plan, which seeks the development of the Nation's great waterways in a way to produce vast blocks of electrical energy.

The four-corner plan contemplates such a development on the Columbia River in the Northwest; the Colorado River in the Southwest; the Tennessee River in the Southeast; and the St. Lawrence River in the Northeast. This will give the Nation a balanced production of electrical energy and the advantages of an ample power load available to all sections on equal terms. At the same time it will provide a rate norm for all sections and thus make further exploitation by the Power Trust impossible.

Under existing legislation, municipalities and other public bodies may be financed by the Public Works Administration in the construction of new electric works, which in many cases are or would be competitive with private works already established. This bill provides for financing the establishment of publicly owned works by such municipalities or other public bodies through the acquisition of existing works, even in cases where all principles of economics require that if public works are to be established it should be done by acquisition and not by the construction of competitive works.

The Federal Government now owns various power generating works, some completed and some in process of construction. These include the Tennessee Valley, Boulder Dam, and Columbia River developments, and numerous other developments in connection with reclamation projects. In addition, other Federal projects involving the generation of electricity at widely scattered points in the United States are under active discussion.

The success of these projects requires that municipalities and other public bodies should be in a position to receive and distribute such Federal electricity. In many cases the economical and logical thing to do is for such public bodies to acquire existing private systems. They are unable to do so without Federal assistance in financing, because at this time it is practically impossible for municipalities and other public bodies to float bond issues to carry out projects, even though they may be of great local importance and in some instances necessary adjuncts to Federal projects.

Statutory limitations on interest rates make it legally impossible for many municipalities to offer their bonds at rates which will attract private capital. Even where such limitations do not exist, the offering of such bonds at high rates would be contrary to the public welfare in that it would tend to increase interest rates generally at a time when the policy of the administration is to reduce them.

It is understood that the Tennessee Valley Authority has already acquired, or arranged for the acquisition by it, of certain privately owned transmission and distribution systems, but has not undertaken to finance the acquisition of such projects by municipalities in the Tennessee Valley area, and it does not appear to be clear that it would have the legal right so to do.

The proposed bill would make it possible for any such municipality desiring to acquire an existing system or works to obtain a loan from the R.F.C. for that purpose whenever it had entered into a contract for electric energy from the Tennessee Valley project, and would extend the same privilege to municipalities wherever located, which might be in areas which can be served with electricity from Federal works.

Notwithstanding the fact noted above, that any such acquisition must necessarily create employment, the bill does not authorize any grants such as are made in connection

with P.W.A. financing, but contemplates full repayment within 20 years.

In view of the fact that the funds loaned by the R.F.C. are acquired by borrowing and that the rate of interest paid by it for money is less than the rate of interest it charges for loans, such loans, if made in connection with sound projects, will not cost the Government anything, but, on the contrary, will return a profit to it. In effect, such loans are a pledge of the credit of the United States and do not involve the advancing of any money raised by any form of taxation.

The soundness and security of the contemplated loans are doubly assured by the fact that they can be made only with the approval of the R.F.C. and the approval of the department, agency, or instrumentality in charge of the Federal project from which the electric energy is to be obtained.

Mr. POWERS. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. Beck].

Mr. BECK. Mr. Chairman, I have asked time in order that I could pay a modest but sincere tribute to the eloquent and noble speech that was made in this House by our distinguished colleague, the gentleman from Missouri, Mr. SHANNON, on the occasion of Jefferson's Birthday. The highest praise that I can pay to his speech is that it was worthy of a great subject, and I am sure that in his mind, as in mine, when I read it—for, unfortunately, I was out of the city and was not privileged to hear it—there must have been a thought that it was an illustration of the proverbial ingratitude of republics that here in Washington, outside of the chamber of horrors in the Capitol, there is no adequate memorial to express the undying gratitude that all generations of Americans should have for this great leader of the American people, who in his very rare combination of practical statecraft as a leader of the masses and a noble idealism, was one of the most remarkable statesmen in the annals of the world.

I am not one of those who believe that Thomas Jefferson originated democracy, because I prefer to think that democracy originated in the cradle at Bethlehem, where the Fatherhood of God and the brotherhood of man began with the breath of the Man of Nazareth. [Applause.] But I do say that Jefferson rendered the same role to modern democracy—and by that I mean no political party, but democracy in its broadest and most catholic sense—that Rostand in his play, *Chanticleer*, gave to his hero in stating that while Chanticleer did not cause the sun to rise, he nevertheless, with his clarion call, was among the first of men to greet the reddening morn of democracy in our age. [Applause.]

It was Jefferson of all men who, with his great and unbroken faith in the people and in his desire for the common welfare, led the modern forces of our age on the triumphant march of democracy. [Applause.]

When this House has the rare privilege of a fine speech on a noble subject, such as that of the gentleman from Missouri, adequate recognition should be given to this eloquent tribute to one of the greatest men in American history.

I pass to a matter that to my mind is a portentous reality, and that is that there is not only no adequate memorial to Jefferson in the Capital of the Nation or, indeed, anywhere outside of his own State of Virginia, but Jefferson is today the "forgotten man" in the philosophy of American politics. If there be any party today that truly follows the doctrines of Thomas Jefferson, I have yet to know it. In fact, the gentleman from Missouri recognized that so far as his party and his associates were concerned the principles of Jefferson were "more honored in the breach than in the observance." They could not be honored in the breach, because the future destiny of this Republic must depend to a very large extent on the extent to which we can return to the principles of Jefferson. Of such return there is at present no evidence.

Perhaps the noblest interpretation of an ideal form of government was that in his first inaugural when he defined as the ideal of America "a wise and frugal Government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits, and

shall not take from the mouth of labor the bread it has earned."

Apart from that great ideal of government which was Jefferson's and of which he gave a very noble example, not merely in his two administrations but in the succeeding ones that he dominated from the summit of Monticello, I think we must all recognize that in the present tendency toward centralization of power, not merely in the Federal Government but in one man, we have so far departed from the principles of Jefferson that they are virtually nonexistent for any practical purpose.

It is a curious fact, as explaining why there is no adequate memorial, that the party strife between Jefferson and Hamilton, in which each of them was partly right and each partly wrong, is the only conflict of party politics whose animosities have survived the deaths of the great protagonists. You and I and others care nothing about the great quarrel between the senatorial triumvirate of Webster, Clay, Calhoun, and Andrew Jackson. It excites no feelings in our breasts. We honor all four alike, but although the doctrines of Jefferson have "faded like streaks of morning cloud into the infinite azure of the past", the fact is that to this day the animosities created between Hamilton and Jefferson so far survive that men on the Democratic side of this aisle are not always fair to Hamilton, and I am sure that we of the Republican Party do not always justly recognize the transcendent merits of Thomas Jefferson in the foundation of this Nation.

The fact of the matter is—and I hope my time will not expire, because I shall address myself to what I believe is a practical consideration, and not a mere dissertation upon history, prompted by the eloquent tribute of the gentleman from Missouri [Mr. SHANNON]—I say the fact of the matter is, today, that while in the first 60 years of the nineteenth century Jefferson was triumphant and Hamilton was the defeated man in the great intellectual duel, yet today the doctrines of Hamilton are triumphant even in the councils of the party that calls itself the Jeffersonian Democracy; because no one, I think, can seriously question that this administration, above every other administration, is realizing beyond any dream of Alexander Hamilton his ideas as to the nature of our Government and what its desired form should be. His dream was the absorption of the States in the Federal Government. That dream has come to pass to an alarming extent.

To illustrate this, I want to read two quotations from Alexander Hamilton's one great speech in the Constitutional Convention. His part in drafting the Constitution has been very much exaggerated. He rendered great service in the origin of the convention and the ratification of the Constitution. But in the convention of 1787, after he had made a great speech, so little attention was given to it by the members of the convention that he went back to New York to practice law, and thereafter rarely appeared in the convention until its last days. In this speech of June 18 he said of the States:

If they (the States) were extinguished, I am persuaded that great economy might be obtained by substituting a general government. I do not mean to shock the public opinion by proposing such a measure, but, on the other hand, I see no other necessity for declining it.

In other words, he would have abolished all the States if he could have had his way and if public opinion had permitted, and when this statement was criticized on a later day, he amplified his thought. He said:

By an abolition of the States I meant that no boundary could be drawn between the National and State legislatures and that the former must therefore have indefinite authority. If it were limited at all, the rivalry of the States would gradually subvert it. As States I think they ought to be abolished, but I admit the necessity of leaving in them subordinate jurisdictions.

Meaning purely police administration in local affairs. That dream of Hamilton has now been realized. In the vital matter of trade and industry, your form of government and the Constitution, which is its organic law, are more concerned with trade and industry than with any other subject. The interference of the Federal Government

in the intimate personal life of the individual may be slight, but its interference in trade relations and the commercial intercourse is now very great, and today, under the National Recovery Act, the line of demarcation prescribed by the Constitution between Federal authority over interstate commerce and foreign commerce on the one hand and the authority of the State upon commerce and trade that is wholly within its borders, is nonexistent. It has been obliterated in the last 12 months, so that for purposes of trade and commerce we have this startling and portentous fact that we are today, in the matter of trade and industry, not a federation of States, but a unitary socialistic State, and no one can successfully challenge the statement.

You may say it is only temporary and produced by considerations of a great emergency, but as to that, it is enough to paraphrase what Madame Roland said on the scaffold in respect to liberty: "Emergency, Emergency, how many crimes against the constitution have been committed in thy name." [Applause.]

To illustrate the depths to which the so-called "brain trust", or the inner advisers of the President, if the brain trust be mythical, can go and have gone in abolishing the States, is illustrated by a model law that the N.R.A. recently sent to the various States to eliminate any possibility of contest of the constitutionality of the N.R.A. in respect of purely domestic commerce.

In other words, after four Federal courts in this country had decided that the N.R.A., in respect of trade or commerce wholly within a State, was unconstitutional, thereupon the disciples of Prof. Felix Frankfurter determined to formulate a bill whereby the States would voluntarily eliminate themselves by surrendering their police powers in the matter of trade and commerce and thus confirm the existing usurpation of power over domestic trade by the Federal Government. I want to read to you, to prove that this is so, the part of this model law that was sent out by the Federal Government through the N.R.A. to the legislatures of the States and, presumably, to the governors thereof, with the request that they speedily pass the law so that the States in respect of the trade and commerce that is wholly within their borders should be nonexistent.

Section 2 of this proposed law reads as follows, and I do beg of all of you to listen to it, because it attracted very little attention.

Ten years ago, certainly a generation ago, what I shall read would have caused an upheaval in this country that would have shaken our social order to its foundations. This is the section which they want the States to pass:

SEC. 2. To effectuate the policy of this act—

That is, the Federal National Recovery Act—
the governor—

That is, of the States—

is hereby authorized to consent to the President of the United States utilizing State and local officers and employees in effectuating the policies of the National Industrial Recovery Act in accordance with the provisions of section 2 (a) of that act.

In other words, the legislatures of the States are asked to tell their governors to crawl to the feet of Federal power and say to the President, "All the agencies of the State from myself, the Governor, down to the humblest constable are now subject to your order and dictation in policing a law which, in respect to domestic trade, can have no justification whatever in the Constitution."

If the States of this Union pass any such law—and some of them may have already done so—then the States, the once proud, self-conscious sovereign States, would today be little more than police provinces, because they would have turned over all the police authority of the State to the President, so that the President could say to a constable in Tampa, Fla., "Arrest that pants presser, who has dared to press pants and deliver them around the corner to a local customer" at less than the code price, and this on the ground that he is interfering with the national recovery platform.

Think, gentlemen—and I recur to my original theme—what Thomas Jefferson would have said if he had been con-

fronted with such a proposition—he, who believed that the Union could not be indissoluble unless the States were indestructible. [Applause.] What would Jefferson think of a proposition from the Federal Government that the States should turn over all their police agencies to the Federal Government and be subjected to the command of the President as to what they should do?

What would Jefferson have thought of a theory of the "brain trust" that a man who simply pressed a pair of pantaloons and delivered them around the corner could be controlled in respect to the price that he was to charge for his own labor?

Jefferson inveighed against that in his first inaugural, when he said:

You shall not take from the mouth of labor the bread it has earned.

If the humble pants presser of Tampa, Fla., wants to press pants for a 50-cent fee instead of a 75-cent fee, it is, after all, the sweat of his own brow or the brawn of his own good right arm that created the product. Why should a Government a thousand miles distant tell him what he should charge for his labor? If he cannot sell his labor except as permitted by the Federal Government, is he truly a free man? Would Jefferson have so characterized him?

Until the last 12 months, until this emergency had confused our ideas of right and wrong, of liberty and bondage, of constitutionality and unconstitutionality, it would have been regarded as an abhorrent proposition that the Federal Government should dictate to a man what he should charge for his labor. Yet that is the whole principle of the Recovery Act—to limit the power of a manufacturer to expand his product, to limit the hours that either he can employ or that employees can be employed, to limit the price of the product, to segregate him into groups in which all his individuality is lost; in other words, to destroy the very soul of the individual. Thomas Jefferson worshipped above everything else the liberty of the human soul. It was Jefferson who said:

I will wage eternal warfare against any form of tyranny over the mind of man.

[Applause.]

Jefferson made many mistakes, he did things that were regrettable, as which of us has not? But his distinguishing merit, the one thing that he stands for above everything else, was his belief in the liberty of the individual and his sacred right to live his own life in his own way, free from any except the most necessary restraint of the Government. It was that thought he put into the glorious preamble of the Declaration of Independence, and today our Government, not through the fault of any one party—it is perhaps the extreme pressure of the times—is a living negation of everything that Thomas Jefferson taught.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BECK. I yield to the gentleman from Kentucky.

Mr. MAY. I should like to ask the distinguished gentleman from Pennsylvania to elaborate a little more upon the question of the legal effect of the act of a State legislature in putting at the disposal of the President, under the provisions of the Industrial Recovery Act, the police powers of the State—as to whether or not it amounts to the same thing as a ratification of an amendment to the Constitution in the way of surrender of power?

Mr. BECK. I would reply to that by saying that it would depend in each case upon the constitution of the State. I doubt whether there is any constitution of any State that would authorize its legislature to say to the Governor, "You turn over our police authorities to the President", and therefore any act of such legislature would violate the power vested by the people of that State in the legislature.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. KELLER. Is the gentleman willing to tell us specifically exactly what he would have done if the conditions had been reversed and the Republican Party had come into

power under the same conditions the Democratic Party came into power?

Mr. BECK. My friend passes now to an economic phase of the matter. I was discussing the broad question of rights in the light of Jefferson's philosophy. Nevertheless, I shall endeavor to answer to the best of my ability. I say, in the first place, that in the summer before the Presidential election, recovery was already in progress.

It was halted by the Presidential election, and, naturally, in the interregnum between the election and the 4th of March there was a retardation of prosperity. After that, if this Government of ours had only allowed the people to recuperate by natural methods—I do not mean now the questions of relief; of course, they were obviously necessary, but if the Government had refrained from interference with trade and industry and the tampering with the currency and the violation of the solemn pledge of this country in the matter of how its obligations should be paid, if the administration had only desisted from those measures and left it to the people, there was enough resilience in the American people to have recovered from the emergency; and we would today be much further on the way to complete recovery than we now are. [Applause.]

Mr. KELLER. In other words, the gentleman would have done nothing?

Mr. BECK. Oh, no; I have not said that.

Mr. KELLER. I wish the gentleman would be specific in his statement on the subject.

Mr. BECK. I have just said what I would do.

Mr. KELLER. What would the gentleman really have done?

Mr. BECK. Well, I have told the gentleman from Illinois, but I am afraid he did not comprehend. I have already stated to the gentleman from Illinois that to the extent that relief measures were necessary either to the individual or to the States they are a credit to this administration and are helpful to the country.

I would not have interfered by regimenting the American people in their industrial activities by laws restricting individual initiative. In that respect the American, if I may be pardoned a classical quotation, is like Ajax as depicted in the Homeric epic when Ajax was enveloped with unnatural clouds and darkness in his fight with Hector. He said:

Dispel this cloud, the light of Heaven restore;
Give me to see, and Ajax asks no more.

Had the American people not been enveloped in the fogs, mists, and clouds of un-Jeffersonian and undemocratic interferences with individual liberty, he would have been farther along today on the road to recovery than he is. [Applause.]

Mr. KELLER. How much longer would the gentleman have waited before he gave relief?

Mr. BECK. I would have given relief immediately.

Mr. KELLER. To what would the gentleman have given relief—agriculture?

Mr. BECK. I cannot, with limited time, run the whole gamut of social measures; I have not the time.

I now yield to the gentleman from Washington.

Mr. ZIONCHECK. The question I wanted to ask has been partially answered. It was this: The doctrines and policy followed by the Republican Party were purely Jeffersonian doctrines and policy up to 1932, were they?

Mr. BECK. No; I did not say they were.

Mr. ZIONCHECK. Or approximately so?

Mr. BECK. I said that by comparison with the policies and acts of the Democratic Party they were Jeffersonian. [Laughter.]

Mr. ZIONCHECK. Yes. What would Jefferson's reaction have been had he been alive in 1932 when 15,000,000 people had the right both collectively and individually to starve to death without governmental interference?

Mr. BECK. I have already answered that.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. PATMAN. The gentleman referred to the fact that he did not know of the constitution of a single State that

granted to the legislature the power and the right to ratify this proposed measure. As I understand it, the Constitution of the United States is a grant of power; and the constitutions of the States are restrictions or limitations of power.

Mr. BECK. Oh, no.

Mr. PATMAN. And if the State constitution does not deny the legislature the right to pass such a law, the legislature would be within its rights to pass the law. Is that right?

Mr. BECK. I am not familiar with the constitutions of all the States. I imagine that every State constitution which follows the forms of the Federal Constitution as well as of antecedent State constitutions, defines the powers of the legislature, and the legislature has no power except as the sovereign people have given them power through the State constitution.

Mr. PATMAN. The gentleman means the grant of power?

Mr. BECK. Yes. The legislature has only the powers granted by the State constitution. Unless, therefore, the State constitution gives the State legislature the right to bargain away the police powers of the State, the legislature would have no such right.

Mr. PATMAN. Do I understand the gentleman to say that each State constitution is a grant of power to the respective legislature and that the legislature cannot do anything more than what the State constitution provides it may do?

Mr. BECK. Yes.

Mr. PATMAN. I cannot agree with the gentleman.

Mr. ZIONCHECK. I do not believe the gentleman means quite that.

Mr. BECK. I do not know whether we understand each other. The people, of course, are sovereign under our theory of government. They create a constitution which provides exactly what the legislature shall do. Until the people have declared otherwise in their capacity as the people, the legislature cannot do more than the constitution has authorized them to do. If it authorizes them to pass any kind of an act, then a different question arises.

Mr. PATMAN. In other words, the gentleman says that the constitution of a State is a grant of power to the legislature of that State?

Mr. BECK. Yes.

Mr. PATMAN. And that the legislature cannot exceed the powers granted by the constitution?

Mr. BECK. That is my judgment.

Mr. PATMAN. I am sorry I cannot agree with the gentleman. I have the utmost confidence in and respect for the gentleman's judgment, but I cannot agree with him. I think that a State constitution contains limitations on the power of the legislature, but that the legislature can do anything that the constitution does not prohibit.

Mr. BECK. I have so much respect in turn for the gentleman from Texas that he may refer to a constitution in Texas which grants all legislative powers to the legislature. If that is so, then he is right as to Texas. I do not pretend to know what the constitutions of all the States are.

Mr. PATMAN. I believe that is the broad principle; the Constitution of the United States contains a grant of powers to Congress, but a State constitution contains limitations of powers and the legislature can pass any law that is not prohibited by the State constitution, whereas Congress can pass only such laws as are permitted by the United States Constitution.

[Here the gavel fell.]

(Mr. BECK asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. JACOBSEN. Mr. Chairman, I yield 15 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, after listening to the learned and able address of my distinguished friend from Pennsylvania, who has just preceded me and paid such fine tribute to the immortal Jefferson, I hesitate to speak to you on this occasion, and especially since I must speak entirely without notes and wholly extemporaneously.

I am asking the privilege of speaking to the House this afternoon for the purpose of discussing one phase of taxation, and I hope I may be pardoned for some historical references when I say that it is universally known and a historic fact that taxation, when it reaches the point of oppressiveness, has always been resisted by the people. I am going to talk about the particular feature of taxation relating to one product in this country which is produced by the farmers. The product I refer to is tobacco, a luxury in the use of which I do not indulge in any form.

As far back as the 16th day of December 1773 a few of our ancestors who did not believe very much in oppressive taxation called a little tea party down in the harbor of Boston and threw the King's tea overboard; and from that time to this people have been objecting to oppressive taxation. Even that incident itself foretold of a bloody revolution against obnoxious taxing laws and gave birth to a nation. If there is anybody in the whole of the United States that has a right to object to the rate of taxation and the amount of taxes paid by any particular industry, it is the producers of tobacco.

I realize that there are many Members of this House who are not familiar with the amount of taxes actually paid by tobacco producers, unless it be those Members who live in tobacco-producing States like my own State, North and South Carolina, Tennessee, and Virginia, or unless they be members of the Committee on Ways and Means, that deals with the subject of taxation and has made a special study of the matter; and I myself make no claim to any special knowledge on the subject, although I am deeply concerned for the tobacco growers of my State.

Under the law as it exists today, cigarettes are taxed \$3 per thousand cigarettes. Under the state of production of tobacco in Kentucky, the State I live in, 3 pounds of tobacco produce 1,000 cigarettes; so that, as a matter of fact, tobacco bears a tax of \$1 per pound on the product as it is produced. In addition to that there is a processor's tax under the new regime of taxation of 4 cents per pound, making \$1.04 for each pound of tobacco produced on the farm. Down in Kentucky in the White Tobacco Belt, known as the "burley district", the tobacco farmers produce as an average about 1,000 pounds of tobacco per acre. At this rate of taxation the 1,000 pounds of tobacco would pay \$1,040 per acre in taxes. In addition to that, if you take a tobacco farmer who produces 1 acre of tobacco, he produces a product that yields to the Treasury of the United States \$1,040. If he produces 10 acres of tobacco, he produces a product that yields to the Treasury \$10,400. Let us see what the small farmer that has as much as 50 acres pays. He produces to the Government of the United States \$52,000 each year. That is an enormous tax for one farmer to produce for the Government, and yet we are planning, as I understand it now, through the means or medium of a subcommittee of the Ways and Means Committee, to discover new sources of taxation and new means of producing revenue. I think the subcommittee of the Ways and Means Committee considering that matter now has about made up their minds to recommend to the committee and to the House through the committee that instead of increasing the taxes on a great many of our products that are now excessively taxed they are going to ask for a reduction of taxes. This is the reason I am speaking on the question of taxation of tobacco.

I think the tobacco farmers of all the States that produce tobacco are paying more than their just share of the taxes of the country. Yet, when you realize that tobacco will produce that much revenue, at the same time the processors of tobacco—and I have reference to the four big tobacco manufacturing companies, including the American Tobacco Co. and the three others I could name—make more profit in 1 year in the form of dividends out of the tobacco that they manufacture off the farmer than the amount of taxes that the farmer pays and the amount of money that the farmer receives for the tobacco that he markets. So there is something wrong between the tobacco plant and the use of it by the man who chews or smokes it, and I think the atten-

tion of Congress ought to be directed to this recommendation along with the other recommendations that the committee may be able to make, and I for one want to be sure that in the writing of future tax laws some provision must be made whereby any savings that may be accomplished in the rates or amounts of taxes on tobacco must go to the tobacco farmer and not to the Tobacco Trust.

I call attention here to the testimony of some of the people who testified before the Ways and Means Committee in hearings during the present Congress on the revision of the tax bill. One of the witnesses who testified here said that the consumption of plug and twist chewing tobacco had decreased solely because of the excessive amount of taxes required to be paid. I have always taken the position, like I did when I offered an amendment here to reduce the excise tax on liquor from \$2 to \$1 per gallon, that excessive taxes have a tendency to drive the product off the market and it in fact produces less revenue with a high tax than it would with a reasonable tax. This witness, H. P. Taylor, who represented the Independent Tobacco Manufacturers, made this statement before the Ways and Means Committee:

The consumption of plug and twist chewing tobacco when there was a low tax rate in 1917, as shown by Government records, was plug 179,000,000 pounds and twist 15,000,000 pounds, while with the present high tax rate of 18 cents per pound the consumption of plug has decreased to 76,000,000 pounds and twist chewing tobacco to 6,000,000 in 1931, which are the last figures available from the Internal Revenue Bureau, and our records show a further decline in the years 1932 to 1933.

So that, as a matter of fact, the revenue was decreased at least 66½ percent by reason of the exorbitant tax of 18 cents per pound placed on chewing tobacco. That is in addition to the tax that the cigarette tobacco produces. This shows that exorbitant rates of taxes always have and always will retard production and at the same time decrease rather than increase the amount of revenue to the Treasury, as well as curtail by from 50 to 60 percent the farmers' income from his crop. It is detrimental to both the farmer and the Government.

Of course, I realize we are doing many things in this Congress that, as the gentleman from Pennsylvania [Mr. BECK] said a while ago, might not have been regarded as at all safe 10 years ago or even at the beginning of the present generation; but it is my judgment that when a crop of any kind produced by a farmer does yield or must yield a revenue amounting in 1 year to three or four times the value of the soil in which it is produced, it is excessive taxation; and, with this condition, I would not be surprised if there were not some relief for the burdened Kentucky tobacco growers through the Congress of the United States by means of a modification of the present revenue statutes, we may get back to the days of the Boston Tea Party or at least back as far as the days of the night riders of some 10 or 15 years ago. My plan would be to redraft our tax laws so as to ride the American Tobacco Trust out of the picture and aid the producers. Cut the graft from between the source of production and the market place.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. MAY. I yield to my colleague from Kentucky.

Mr. BROWN of Kentucky. In view of the fact that in the year 1932, when the companies made the biggest net profit in the history of the tobacco industry and paid in that same year the smallest amount to the farmers of the country, and in view of that record there in which Mr. Parker, the counsel for the Big Four, stated that they paid the farmer what they had to pay him for his crop, does the gentleman believe they would pass one penny of a reduction on to the farmer unless we made them do it by law?

Mr. MAY. That is a very correct question to be asked and I am glad to answer it by saying that in my judgment unless the law carried a penalty and a requirement that it be carried back to the farmer, the farmer would not profit one cent by a 50-percent reduction in the amount of revenue paid by the tobacco companies.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MAY. I yield to my good friend from New York.

Mr. FITZPATRICK. Three or four years ago, as I understand, there was a tax refund of \$75,000,000 to one of the members of the Tobacco Trust. Did they distribute any of that money among the tobacco farmers?

Mr. MAY. They did not distribute it to any of the tobacco farmers—and I want it understood that I am not advocating any reduction of taxes as far as the processors are concerned—but I am advocating some kind of a measure that will get back to the soil where the tobacco is produced and relieve the tobacco farmers; and if they do not present that kind of bill, I shall not vote for it.

Mr. BROWN of Kentucky. Will the gentleman yield further at this point?

Mr. MAY. I yield.

Mr. BROWN of Kentucky. Does not the gentleman believe this House could write legislation which would require that a certain percentage of revenue derived from farm products must be returned to the producer of that product and that such legislation could be administered with the present set-up in the A.A.A., and instead of giving these companies a flat reduction in tax, take such flat reduction in tax and distribute it among the growers of the product?

Mr. MAY. I think while the A.A.A. is regimenting every kind of industry in connection with agriculture, it ought to be one of their first efforts to adopt some method or adopt some code or issue some order, even though it violates all the creeds of Jefferson from the Declaration of Independence down to the present time, by which the strong hold and the deadly grasp of the American Tobacco Co. can be released from the throats of the tobacco growers of the United States.

There is one bill pending in the House that ought to be considered by the proper committee and reported to the House and acted upon. I think the bill was introduced by one of my colleagues from Kentucky, Mr. SPENCE. The bill provides that the Department of Agriculture or the Agricultural Adjustment Administration, with the funds made available under the various acts for relief that we have enacted here, shall buy up from the farmers the cheap grades of tobacco and hold them and allow the farmer to get the benefit of the higher prices on the better products; and after this is done and the production of tobacco regulated in this way, put the cheaper grade on the market and let it be disposed of at what would then be a profit to the farmer. The prudent farmer, who produces several grades of livestock, will, when the market is bad, put only the high grades on the market because he knows that it would mean disaster to undertake to market the inferior grades when the market demand is low. The same rule would apply to tobacco, corn, or any other product that sells in grades, which I, by my own experience, have found to be true in the production and marketing of coal.

You know, when we grade our coal and screen it and clean it and separate it into three or four grades, ranging from nut and slack up to egg and lump and block, we always get a premium price for the high grade, but the quantity of production of the low grades is so great that when we get the low price on that it takes all the profit out of the premium product.

This is just what the American Tobacco Trust is doing to the Kentucky, Virginia, Tennessee, North Carolina, and South Carolina tobacco producer, by ranging practically three fourths of their crop to the lower grades and paying the low-grade prices for it, and then, when they put it into the manufactured product, boost the price and get the profit out of it while the farmer loses. I say there must be something done to relieve the tobacco grower.

Mr. BOLAND. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. The gentleman's reference is to soft coal and not to anthracite coal?

Mr. MAY. Yes; I know very little about anthracite coal, except I know it is mined and sold at about four or five times as much per ton as soft coal, and that it is probably confined to only four or five counties in the State of Penn-

sylvania, as I understand it, with the exception of a little pocket of it in Virginia.

Mr. BOLAND. Of course, the gentleman will admit that anthracite coal should be sold at a premium?

Mr. MAY. I will admit that anthracite coal is a far superior product to soft coal, as far as cleanliness is concerned, and as a fuel.

Mr. Chairman, I voted for the Bankhead cotton control bill with much reluctance upon two grounds: First, it appeared in the debates on the bill that practically all the farmers of the Cotton Belt were for it and their fine delegations of Representatives from the cotton States were practically unanimous for it, and my high esteem and friendship for them was a compelling influence. In the second place, while I was opposed to the principle of the bill and thought it too much of a departure from the fundamentals of our Government and too drastic in its provisions, yet I voted for it upon the further idea that if it proves to be as bad and as vicious as I thought it would be, I would at least have the consolation of knowing my friends from the South would try it out before it gets to my constituents, who do not produce cotton. Now I am told there is pending a bill of like character to be applied to the tobacco crop, and I reserve my rights in voting on such a measure until more thought and consideration. The Kentucky tobacco growers, blessed by the richest and most productive soil and the most beautiful farms upon the face of the earth, with their high order of intelligence, their well-known reputation for industry and thrift, need no regulation of their farming industry by the Federal Government; but they do ask, and they are entitled to, the enactment of just laws for their protection against the greedy and avaricious profiteers that conspire among themselves annually to exploit the fruits of their toil. We should call in council the statesmanship of this Congress and push to speedy enactment some measure for their protection.

[Here the gavel fell.]

Mr. JACOBSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BOLAND].

Mr. BOLAND. Mr. Chairman and Members of the Committee, I tried at the time the gentleman from Pennsylvania [Mr. McFADDEN] was on the floor, asking for an investigation of the Internal Revenue Department, to ask him one question in regard to the income taxes that were refunded under the Mellon administration as Secretary of the Treasury. At that time, the Members of the House will recall, the great Secretary we had was responsible for allowing \$4,000,000,000 to be returned as overpaid income taxes, \$3,000,000,000 of which was returned to the great State of Pennsylvania, which I have the honor to represent in part.

In other words, if there is to be an investigation of the Revenue Department, I sincerely hope and trust that they will investigate Mr. Mellon's reign as Secretary of the Treasury and why the \$4,000,000,000 was returned. But I did not take the floor for the purpose of talking about the Internal Revenue Department.

Mr. PATMAN. Will the gentleman yield?

Mr. BOLAND. I yield.

Mr. PATMAN. The gentleman realizes that there was an investigation going on at one time, and if it had not been that Mr. Mellon fled under fire there would have been a complete investigation.

Mr. BOLAND. I believe that is right. I wanted to ask my colleague [Mr. McFADDEN] if the investigation would go back that far.

I am here to speak a few words in behalf of the really forgotten man. I refer to the railroad employee who has lost his job through no fault of his own, but through the unfair competition that is existing, that has existed, and has become a terrible menace to this country. The time is coming when Congress must take cognizance of that fact and eliminate the menace, which is a growing menace to our country and the traveling public.

I refer to those great big trailers and trucks on the highways which are monopolizing the highways to such an extent

that it will be imperative for Congress to do something about it.

In the Seventy-second Congress I presented a bill and had a hearing on it, but action was delayed on it. I introduced a bill in this Congress—House Resolution 13—and went before the Ways and Means Committee, and in their judgment, because it proposed to levy a tax on busses traveling intrastate, they said they had no jurisdiction over the bill and that it should go to the Committee on Interstate and Foreign Commerce.

I went before the legislative counsel to get their views on that point, and they said they could not find out how a bill could be written that would raise revenue and have the Committee on Interstate and Foreign Commerce have jurisdiction.

So the situation is that the Ways and Means Committee will not take it, because it should go to the Committee on Interstate and Foreign Commerce, and the Committee on Interstate and Foreign Commerce will not take it because it raises revenue. Therefore, the only solution is a petition to take the bill from the committee. The committee is not antagonistic to my so doing.

There is only one possibly way that you can eliminate this menace, and that is to provide a tax on interstate busses and trucks—not busses and trucks that operate within the States. I am in hearty sympathy with truck and bus owners operating within the State and will at all times give my best efforts in their behalf. I fully realize their importance to all communities and their necessity, and will at all times protect them to the best of my ability. My bill does not apply to those. I will try to convince this honorable body that it should put a tax on busses and trucks operating in interstate commerce.

I have no connection with railroads whatsoever, am not interested in the management of their systems or in any other capacity, but I am vitally interested in the reduction of railroad employees who have lost their positions caused by a reduction of business due to the operation of these busses and trucks upon our highways, thereby making unfair competition in this line.

The original purpose of our highways was to take the public out of the mud and give decent roads to the traveling public. At the rate the trucks and trailers are operating we might just as well admit that there will soon be no room for the traveling public.

Another menace to the public is that of dangerous grade crossings. In 1930 the railroads spent \$30,000,000 in eliminating grade crossings, still the growing construction of highways is causing more grade crossings than are being eliminated, and these same busses and trucks are receiving the benefit of this yearly expenditure without contributing 1 cent cost to themselves. In many parts of the country, particularly those of sparse population, the taxes received from railroads constitute the largest contribution toward the maintenance of schools, governmental, and civic activities, which this growing menace to both the public and employees of railroads is allowed to go unrestrained and unregulated and untaxed proportionately. Effective legislation must be placed upon the statutes to regulate this monopolizing of our highways. This bill I have introduced and for which a petition is on the Speaker's desk to secure signatures so that it can be acted upon on the floor, will accomplish the purpose intended, namely, stop these large freight-carrying trucks crossing the country. It will stop them from being responsible for railroaders losing their jobs. It will stop them from taking the necessities of life from the families of these men who depend entirely upon this class of employment for a livelihood. It will allow the railroads to carry this freight that will in turn put these employees back to work.

It will give the highways back to the traveling public without the fear such as now exists—unwarranted accidents, and in many cases, great loss of life. It will create more sales for automobiles because traveling on the highways will be less dangerous if these large trucks are eliminated from them.

The Government will receive a substantial revenue which is badly needed, and the great fear that now prevails—traveling on our highways, especially at night, will cease.

In the name of those unemployed railroad employees, I ask the Members of Congress to sign the petition on the Speaker's desk so that it can be presented to the House for action. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BOLAND. I am very sorry that I cannot answer the gentleman. I should like to answer any question relative to this matter, but time will not permit.

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, after listening to the many illuminating addresses delivered by Members here today, explaining the principle of innate recovery, I should be rejoicing in the spirit of optimism if it were not for the fact that we have had this same positive assurance from year to year since the beginning of this panic. While I am anxious and want to be optimistic, I am not accepting the panacea of faith and confidence [applause] to bring a restoration of the buying and consuming power of the people. I am not accepting the meaningless claim of a "better feeling" among the people [applause], nor that prosperity is "just around the corner." [Applause.] I believe that prosperity will come back sometime, now or in the far distant, hazy future [applause]—come back, just as health may come back to the sick man without or in spite of the doctor. I believe in the innate power of the people collectively to recover from this paralysis of industry just as the body to recover from disease.

THE PROBLEM OF THE PANIC

But this is not our problem here today to wait on nature. Our problem is to remedy the economic disorder and to bring prosperity back with certainty, promptly, and without hesitation or delay. The people have already discharged one board of physicians for failure to diagnose and remedy the panic, and they will be just as ready and impatient to dismiss another school of economic doctors, if they fail or allow the country to suffer on in the throes of panic and depression.

This paralysis of industry did not come to all parts of our industrial system at one time like the fall of the wonderful one-horse shay. The panic came first to the one basic industry upon which all other trades and callings are dependent, and from that one basic industry reached back to other industrial callings until the economic depression had paralyzed every part and was full and complete.

CRITICS MUST EXPLAIN REMEDY

I have no patience with critics of the industrial plans proposed by others unless they are ready and can explain their own system of recovery, can point out in detail every step necessary and required, and can show the relationship of cause and effect. I believe that prosperity must first come back to agriculture before prosperity can come back to any other branch of industry. And it is my purpose in these remarks to give my reasons for this position, and I propose to go into detail in showing the cause and in making my explanation. In this I am being more and more assured from the experiences, events, and developments of the times. Prosperity must first come back to the farmers.

OUR SPECIALIZED SYSTEM OF INDUSTRY

A proper analysis for consideration of this panic or depression requires a knowledge and understanding of our specialized industrial system, of its different parts and functions, a knowledge of its dependent trades, occupations, and callings, and the basis and foundation upon which the system as a whole is based and made to rest. It must be realized and understood that our specialized system of industry is a growth and development of farming and agriculture, is built upon and around farming and agriculture, is first dependent upon farming and agriculture, and without

farming and agriculture, the parent of our industrial system, no other trade, business, or calling could survive or exist for a single day.

LIKE THE GROWTH OF A TREE

Our specialized system of industry may be likened unto or compared with the growth or development of a tree, the roots, body, or trunk of which correspond to farming and agriculture, and the branches, twigs, and leaves representing the different trades and callings which have grown up and clustered around or thrown out from the body of the tree, the roots, body, branches, twigs, and leaves—all forming one complete whole. All the different parts of the tree are dependent upon the roots, taking water and nourishment from the ground to be carried by the plant-life currents going upward through the body to replenish and carry plant food for the growth and development of its parts. The different trades and callings of industry, the different professions and occupations of our specialized industrial system can no more thrive and exist without farming and agriculture than the branches, twigs, and leaves of the tree can grow and survive independently and separately without and from the roots, body, and trunk of the tree.

DIFFERENCE IN FARM AND INDUSTRIAL PRICES

If a tree is suffering impairment in growth or is failing, dwarfed, or dying from drought and want of water, neither the tree nor the perishing twigs and leaves themselves can be revived, nourished, or saved by sprinkling the falling branches and leaves for the water to be carried downward through the tree. The prompt, direct, and only way to replenish and save the tree, its branches, leaves, and twigs, is to restore water to the roots of the tree. The water thus restored to the roots will be carried upward by the vital life currents of the tree through the trunk to restore the branches, leaves, and twigs, and every dependent part of the tree. It is folly and equally impossible to restore prosperity to industry by stimulating factory production, or starting industrial employment, or any other dependent part of industry which has grown up and around agriculture, without first restoring farming and agriculture.

Any evil impairing the roots of a tree or causing a failure of plant food in the soil at the roots of a tree will be reflected and shown in the branches and leaves dependent and suffering from the failure at the roots. Restoration of the failing, dying tree must come up from the roots to restore the branches, twigs, and leaves. And any evil impairing farming and agriculture, any abuse to burden the farmer, and agriculture, taking away farm earnings and income, farm buying and consuming power, will be reflected in the impairment and the failure or destruction in every other dependent trade and calling, because all business and industry are dependent upon farming and agriculture. The restoration of industrial prosperity must first come up from farming and agriculture, from a return of farm earnings and income and a restoration of the farm buying and consuming power.

THE DEPRESSION FIRST CAME TO THE FARMERS

There is a difference in controlling and maintaining prices of industrial and manufactured commodities and the value of farm and agricultural products. Prices and values of manufactured products are fixed, adjusted, and maintained arbitrarily by the determination of producers or by agreement among the manufacturers, and are thereby controlled and maintained at will. But by reason of the number of independent farmers, no such determination by agreement is possible, and prices of farm products and commodities are left to be fixed and determined by the volume and supply of money in circulation, controlling the general commodity price level, under which farm prices rise and fall as the money in circulation is increased and decreased. If the volume and supply of money are increased, farm prices will rise with the increased volume of money. If the volume and supply of money are decreased, farm prices will fall with the decreased supply of money. If the volume of money is reduced one half, prices of farm products will fall one half. If the volume and supply of money are doubled, farm prices will rise and be doubled, and are at all times subject to con-

trol by the volume and supply of money, all other elements and conditions being equal.

Manufacturers are thereby able to control and maintain prices regardless and independent of the money supply and the price movements of farm products, and under which farm buying power has been reduced by both falling farm prices and rising prices for farm supplies and equipment. It is for these reasons that the withdrawal of money from circulation brought a fall of farm prices while manufactured values and prices were maintained and that there must be a restoration of the volume of money and a rise of farm values and prices first before farm buying and consuming power is restored.

THE FARM CONSUMING POWER

With manufacturers raising and maintaining by agreement the prices of manufactured products which farmers must pay for supplies and equipment, and with the manipulating financiers and bankers, through the contraction of the supply of money, forcing down values and the farm-price level to give increased value to their money and bonds, the farmers are left to pay tribute both to manufacturers and industrial producers and the manipulating bankers and financiers, under whom they are being held in economic slavery under Pharaoh with the order to make bricks without straw. Farmers were able to pay the tribute of high prices levied by manufacturers while higher farm prices were maintained; but when money was withdrawn from circulation and farm prices were forced down, they could not pay tribute both to manufacturers and financiers, and they fell exhausted under the crushing burdens exacted both by manufacturers and financiers. It was the secret contraction of money, begun by the manipulating bankers in 1920, to double, triple, and multiply the value of their money and bonds, which brought the fall of farm values and the crushing economic burdens upon the farmers and made their slavery and thralldom complete, the effect of which is charged and described in the *Prairie Farmer* in these words:

In 1920, in almost the twinkling of an eye, the condition was reversed. Prices fell to a ruinous low level. The exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price in 8 months from \$3 to \$1.60 per bushel. Corn fell from \$1.50 to 35 cents per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

FARMS AND CITIES

But this is not only true in principle and theory; it is also true of experience and in fact. It is true of this panic as with all the other panics and depressions—that the depression came first to the farmers, destroying farm buying and consuming power; that farming and agriculture were paralyzed before the blight of this depression had reached back to factory, mill, and workshop, and the touch of its withering hand had thrown industrial labor out of employment and destroyed labor's buying and consuming power.

It is the history of this panic or depression that the hard times began with the farmers, came first with the fall of farm values and prices, forcing down and taking away the farmers' earnings and income, destroying the farmers' buying and consuming power; and, finally and ultimately, reaching back through our specialized system of industry, brought unemployment to the laboring masses and destroying the buying and consuming power of men in other trades and callings until all industry was paralyzed, until the panic was made full and complete.

WHY PROSPERITY NOT RESTORED

When this crisis fell upon the farming industry, with the higher normal values and price level, the farmers were selling not more than one fourth of their crops with which to pay taxes and interest, leaving them the other three fourths or more with which to buy, take, and consume the products of factory, mill, and workshop. But when money was secretly contracted in 1920, forcing down values and the price level, the farmers were compelled to sell all four fourths of their crops and products, with which to pay taxes, interest, and fixed charges, and were left with no part with which to buy and consume, destroying the buying and consuming power of 40,000,000 of farm population and depend-

ents. And, finally, this failure and destruction of the farmers' buying and consuming power left the retail merchant without demand, the wholesale house without sales, and the factory, mill, and workshop without orders. And the wheels of industry slackened and slowed down and brought unemployment to industrial labor and destroyed the buying and consuming power of another 30,000,000 and their dependents, and the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance was realized and became complete.

ALL DEPENDENT UPON FARMING

The farm population not only includes the most numerous class of consumers, but a class which buys and consumes double what any other class consumes. The 40,000,000 farm population and dependents not only buy and consume what other classes buy and consume for personal and family use, not only what other classes buy for their homes, but as much more outside of their homes. The 40,000,000 farm population and dependents after buying household supplies and for personal and family use buy many other articles for use in farm equipment and operation.

Having found the cause, how the contraction of money operated to bring a fall of values and of the price level, thereby destroying the buying and consuming power, first of the farm population and dependents and then of the industrial laboring classes, and finally involving the whole body of the people—now let us consider the recovery program to remedy the cause and evil and bring relief from the panic. If a withdrawal of money from circulation will cause a fall of values and of the price level, effect a decrease in earnings and income, and destroy the farm buying and consuming power, then nothing is more reasonable, more plausible, logical, and conclusive than that a restoration of money in circulation will cause a rise of values and of the farm price level, a return of farm earnings and income, and a restoration of the farm buying and consuming power.

ALL MUST WAIT UPON FARMING

It has been truly said of farming and agriculture: Destroy the farms and the agricultural industry and leave the towns and cities stand, and the towns and cities will perish, will fall to debris and decay. But destroy the towns and cities and leave farming and agriculture, and the towns and cities will rise again from the debris, ashes, and chaos, because farming and agriculture are the fountainhead and source, are the foundation and basis, of all business and enterprise, of all prosperity, industry, and wealth. And it can be said with equal truth that prosperity and industrial recovery must come to the towns and cities from farming and agriculture, the source of all wealth and prosperity. Prosperity and industrial recovery must come and can only come from a rise of farm values and of the price level, from a return of farm earnings and income, from a restoration of the farm buying and consuming power—the power to take, buy, and consume the products of factory, mill, and workshop—of the industrial labor of the towns and cities.

Prosperity must first be restored where prosperity was first destroyed. Prosperity was first destroyed with the farmers. Prosperity must first be restored with the farmers. Prosperity can best be restored by using the same power and means which were used to destroy prosperity. The power of money was used to destroy prosperity, and the power of money must be used to restore prosperity. The steps and course which were taken to impair and destroy prosperity must be retraced and taken in reverse order to bring back and restore prosperity. The volume and supply of money which were contracted and withdrawn from circulation must now be restored back to circulation. As the withdrawal of money from circulation forced down values and the farm price level, so the restoration of money back in circulation will raise farm values and the price level.

The rise of farm values and the price level will increase farm earnings and income. The increase of farm earnings and income will give the farmer a greater surplus remaining after the payment of taxes, interest, and fixed charges. This surplus remaining represents and will restore the farm buying and consuming power, the farmers' power to buy, take,

and consume the products of industry, industrial labor. With the restoration of farm buying and consuming power, the demand from farmers, as orders going back through retail merchant and wholesale house to factory, mill, and workshop, will start production to supply their demands. The restoration of production in industry will restore employment to industrial labor and will restore labor's buying and consuming power. And with the buying and consuming power restored both to farm and industrial labor, prosperity will be far on the way to all other trades and branches of industry.

But why is the money not restored, restored and turned back to circulation? Restoring the money in circulation is the simplest and least difficult step to be taken in the administration of the recovery program. It is the one step which could be taken promptly, immediately, and without delay. The machinery and facilities are all created and ready. Every means and instrumentality is waiting, waiting for orders and direction to move; could be started today, tomorrow, or the next day; ready to start the money back through the same channels through which it was withdrawn from circulation. The laws are on the statute books providing four means to be exercised in the alternate—the remonetization of silver, the revaluation of gold, resort to the Federal Reserve notes, the resort to United States currency notes—all waiting for administration and enforcement to restore the money back into circulation.

There is one reason, and only one reason, why the money is not restored to circulation. The international financiers and bankers who held the secret bankers' meeting in Washington, D.C., May 18, 1920, and conspired behind closed doors and drawn curtains to withdraw the people's money from circulation, are opposing, delaying, postponing, and maneuvering to prevent action taken. The restoration of the money back in circulation would reverse the order and transfer of value. The fifty billion of values which were taken and transferred from farm commodities and property to money and bonds by the contraction and withdrawal of money from circulation would leave their money and bonds and go back into farm commodities and property, and the conspiring, manipulating bankers and financiers would lose a part of their ill-gotten gains.

All business and industry are dependent upon farming and agriculture; all industry and enterprise must wait until prosperity comes back to agriculture, until earnings and income are restored to the farmers. The manufacturer must wait in his office for orders to start factory, mill, and workshop. The merchant must wait for customers to buy and take his goods and wares. The banker must wait at his wicket window for payment of his overdue interest and notes. The laboring man must wait and, waiting, must stand idle. He cannot secure another day's labor, nor collect another dollar of wages or pay until there is a restoration of the farmers' buying and consuming power, a restoration of the farmers' power to buy and take the products of industry and industrial labor.

All men must wait upon farming and agriculture, because all wealth and prosperity must first come from the ground, from the bosom of Mother Earth, from the fountainhead and source of which all men are fed, clothed, and sheltered, and from which every vital necessary to sustain life and every comfort and convenience comes, and from which every joy and pleasure flows, and all the charities that soothe, heal, and bless spring, all from the bosom of Mother Earth. Agriculture came as the first business. Farmers came as the first business men, as the workers in partnership with nature, the attendants upon the great fountain source from which flow all comforts and blessings and upon which to administer and from which to dispense all sustenance of life and existence. [Applause.]

Every dollar paid out to stimulate industry or to revive industrial employment before restoring the farmers' buying and consuming power is an expedient for temporary relief, a form of dole and public charity, with administration costs and interest added, paid from taxes and borrowed money,

piling still higher taxes and the tax burden, only with conditions to relapse when payments stop.

Prosperity must first come to the farmers.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, we have had a delightful day, a nonpartisan day, and we have heard discussed a great variety of subjects. We have had much information, all facts clearly and well stated, every speaker ready and willing to extend the courtesy of making a reply to questions and giving the other fellow a chance to make a speech. We have talked about everything except the subject for which this day has been set aside, or rather this week. I understand that this is supposed to be District of Columbia week. I presume the gentlewoman from New Jersey [Mrs. NORRIS], Chairman of the Committee on the District of Columbia, is very much in the position that I was in when I was Chairman of the District of Columbia Committee. We made ample preparations for this eventful day; but by some legerdemain—I will not say black art, but let us say some mysticism of legislative procedure—the day for passage of bills for the District of Columbia rarely came about. I have never yet found out why it was, nor how it could happen that under the regular order of things and rules to which I submitted from time to time, they could pass by major legislation needed by the District of Columbia, but it always seemed they did.

I want to say something before I really touch the subject I came here to discuss for a few minutes. So much has been said about the older States of New York and Massachusetts and Pennsylvania, and about the methods they have in the legislatures of those States of strangling bills. We have a method of submerging bills in Pennsylvania, or rather we did, called the "Pickling Committee." You have a different characterization of it here. I note that Members on both sides are very free in their criticism of the other side, and that no one resists the implication and the challenge that both sides are guilty of doing things they should not do. I really believe that any party that is in the majority ought to have that majority well enough in hand so that it will not be afraid to bring out on the floor of the House any measure that appears to have behind it sentiment sufficiently crystalized to get 100 or 145 or 150 signatures to a petition for its consideration. It should not be necessary on either side of the House to pickle bills. I have said at least twice, since my return to Congress, and particularly in this session, that I have looked over this body and have seen here in active work on the floor much keen mentality in operation.

I say you could pick out of this House a proportionate number from either side, give them 10 years of development on the floor of the House, and you would have the greatest legislative body of the world has ever seen, and who would quickly solve all problems. [Applause.] You would not then have to smother or chloroform bills. But good men are too often defeated. There is intelligence enough on this Democratic side to lead your majority straight through to a vote and to a conclusion without having to cast this reflection upon all Congressmen, compelling us all to go through a lot of trouble explaining why you pickle bills and do not give the sovereign will of the people free flow of expression here through the Membership. I sign most of these petitions as a compliment and as an accommodation to the gentlemen who ask me, not for the reason that I am going to vote for any of the bills when they are called up. Some of them I may vote for and others I may not; but in any event I think you are expressing your own weakness when you pickle bills instead of bringing them out and laying them on the table and carrying them through to a conclusion and to a vote. The Republicans have often done the same thing when they had the power to do it. This is my criticism of the method of legislating.

What I wish to speak about today has its relationship to District day or District week. We well know that it is impossible here under the circumstances, while we have been

voting untold millions and billions, ostensibly, at least for the relief of humanity, not to be so; but for 18 years we have overlooked another forgotten man and forgotten woman. It may be some heroic man who missed getting a pension yet one who did some great service to his country. Or it may be a woman who wove and spun during war time; still we would see her taken across the hill to the poorhouse. I once stopped long enough to investigate, and I found that it is a good deal cheaper to keep old people at home or with their relatives than it is to take them across the hill to the poorhouse and make their home amongst beggars, tramps, and people of immoral tendencies, and a place where usually a lot of graft enters into its management—the county poorhouse.

We have come to the point, Mr. Chairman, where the States have told us what to do. Nearly 30 States, or in other words, a good majority of the States of this great Nation, now make provision for the aged when they are no longer capable of earning their sustenance; the States take care of them but do not take them to the poorhouse. Neither should the District of Columbia.

An old soldier once talked to me up at the soldiers' home at Erie, Pa. I said, "Is not this a wonderful place?"

"Oh, yes," he said, "these are wonderful places. We have theatrical performances, we have people come and visit us whom we do not know; at Washington the veterans walk around the wonderful park General Scott provided when he came home from Mexico with a little excess money that was given him for use in that campaign." "But," the old soldier continued, "we do not have the old friends around us; we do not have the charm and joy of the environment of youth and young manhood; we do not have contact with old friends and companions. I meet old soldiers up here, but they are not the friends of my boyhood days. I prefer by far to be taken to a humbler place, to the cottage by the little brookside, than to be taken to a palace in Washington, at Erie, at Hampton, or somewhere else."

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Pennsylvania.

Mr. FOCHT. On Friday, September 8, 1916, after a talk with one of the greatest men who ever sat in this House, a Democrat, a scholar, a general, a real man—General Sherwood, of Ohio—a man who could drive a team of prancing horses through the traffic of Washington unafraid at 85 years of age, who could offer criticism—had, withal, a heart, my friends. He talked to me about the subject of old-age pensions, and I quoted him in a speech I delivered on this floor in 1916. He said when he left Congress:

Young man, pursue that; that is the just and the righteous thing to do; help the weak and the unfortunate, the lonely and the desolate. Try to blot out the misery and woe of life; and the most of it is in the evening of life, when the shadows no longer fall toward the west, when the limbs become trembly and the hand unsteady. They talk about sending them over the hill to the poorhouse; do not do it; help them, young man.

And from that day on I have dedicated myself in some way to try to be of assistance in this matter.

Mr. Chairman, our land is dotted with almshouses, poorhouses, and jails in which men and women no longer able to earn a living for themselves pass a miserable existence, awaiting the day that will bring them surcease from want and suffering. If we enact a law such as I propose, or one on similar lines—for I am not wedded to a particular form—we shall have done much in the direction of obviating the need of such institutions as I have named. There will always be, of course, many who by native indolence or vicious habits will qualify themselves for becoming inmates of the poorhouse, but I am happy in the belief that these constitute a comparatively small percentage of the men and women who by stress of circumstances beyond their control have to find refuge there. It should be our earnest desire to provide a remedy. The man or the woman who has during a lifetime labored honestly should not be compelled in old age or when incapacitated by illness or disease to face the fate of a pauper.

Considered from a purely economic standpoint, legislation of this character is to be advocated because of the enormous savings which through it will come to every municipality and State by the lessened cost in the maintenance of almshouses and poorhouses. What the business man calls his overhead charges would be in this instance reduced to a minimum.

There is probably no one cause more strongly accentuating the frequent antagonisms between capital and labor than the constantly recurring want of the wage earners in their old age. Under the most favorable conditions the average wage earner is unable to lay aside any considerable amount against the day when his strength to labor leaves him and his earnings cease. It is my opinion that the disturbing elements between employer and employee may largely be traced to this one fact. Happy, therefore, will be the day when that fear need no longer be constantly in the mind of the wage earners of our country; when they can look forward with assurance to the time in their lives when, even though their strength fail them or illness disable them, they will be given the means with which to make their declining days measurably comfortable. Moreover, such action on the part of the Government would unquestionably arouse in the mind of every worker a sentiment of gratitude which would find expression in a deeper patriotism. No tenable objection can be urged against a policy which in every way makes for betterment, but everything speaks in its favor.

The outcry of State socialism which may be raised against the proposed legislation need deter no one. As a matter of fact, there is, I venture to say, no government of any civilized country, ours included, that has not to a greater or less extent embarked upon the policy of State socialism. In the United States, it is true, it is still in its infancy; and yet we have done some things that are in their essentials of the nature of State socialism. I will only cite the rural-credit banking law; the Government employees' compensation law, and similar enactments which indicate a realization, on the part of the Government, of its obligations to contribute from the resources of the Government to the improvement of the social and economic conditions of certain classes of the population.

The reason I am talking about this subject today instead of at a later time is because I am going away. I am going up to Lewistown, Pa., to help dedicate a Legion post home. In part it will be a memorial home dedicated to two great soldiers, General Hulings, who was the first to reach Washington and sleep with his troops, the Logan Guards, under the dome of the Capitol; and Gen. John Taylor, who fought 60 battles in the Civil War, who camped across the Potomac in Virginia, who protected a Confederate family with whom later on he became close friends and who visited him in Pennsylvania. For two of the Confederate ladies whom he protected at that time he secured positions, and, for all I know, they are still here in the Treasury Department.

I want to be associated with and attached to this noble thing; everybody will be for it; all the States are for it; the President is for it; humanity cries out for it. [Applause.]

(From the speech of Hon. WILLIAM I. SIROVICH, of New York, Dec. 20, 1928)

How many old men and women have we? The statistics which were gathered through the State of Massachusetts Old Age Pension Commission show that there were 1,250,000 old fathers and mothers prior to the year 1915 in the United States, all of whom were dependent in part or in whole on public or private charity. And that the Nation's annual cost of our dependent population amounted to over \$200,000,000.

Later estimates of 1927 by Dr. A. Epstein showed almost 2,000,000 dependents maintained in public and private institutions at a total cost of over \$500,000,000.

There are today over five and a half million people past 65 years of age in the United States. Two millions are between the age of 65 and 70, a million and a half between the ages of 70 and 75, and a million between 75 and 80, and there are three quarters of a million people 80 and over, until life finally terminates. The number of old people in our country is now greater than the original population of the entire 13 colonies. In a study made by the United States Department of Labor in 1925 that investigated 2,183 of these almshouses of the United States, which represent 93 percent of the total, it was found that in those almshouses there were 85,889 old fathers and mothers

who were past the age of 65. The total cost of these almshouses, so far as the land, the buildings, and equipment and the furniture was concerned represented an investment of \$200,000,000.

The total maintenance cost of all these institutions amounted to \$28,740,535, which represented a per capita investment of \$1,752.09 and a food maintenance of \$439.76 for each inmate. Of the 2,183 almshouses studied 1,909, or 87 percent of them, had less than 100 inmates. To determine how this money was spent study disclosed that 32 percent went as administrative expense, 38 percent for operation of the plant, while 30 percent went for inmates' maintenance. In other words, out of every dollar contributed to the almshouse 70 cents went for administrative and operative expense, the so-called "overhead", while 30 cents went directly for the old fathers and mothers.

Every State of the Union, with the exception of New Mexico, has almshouses for the poor. In 40 of our States the almshouses are county institutions. Here in these almshouse are huddled together the feeble-minded and the epileptic, the cripple and the maimed, the idiot and the imbecile, the abandoned child of the prostitute, the broken-down criminal, the chronic drunkard, the victim of loathsome and contagious diseases and venereal infections, and last but not least the superannuated toilers of labor and industry, our fathers and mothers. Veterans of dissipation and veterans of peace and industry living together under one roof. Is it fair? Is it just? Is it humane?

THE TRAGEDY OF OLD AGE

The chairman of the Pennsylvania Old Age Pension Commission made a visit to the Berkshire County poor farm and walking up the lane he met two old people, husband and wife. These two old people and the chairman reached the almshouse at the same time. The superintendent asked the old folk, "What do you wish?" They answered, "We have a permit to enter the poor farm."

The superintendent asked, "What is your name?"

"My name is John."

"And your name?"

"My name is Mary."

"John," said the superintendent, "you go to the building over there, and Mary, you go to that building over there."

"What!" cried John. "After living together under the same roof for 50 years are we now going to be separated?"

"Yes," replied the superintendent. "Those are the rules. We cannot mix up the sexes in these institutions."

"Three days after John entered that door," said Senator Davis, of Pennsylvania, who tells this story, "he died of a broken heart, and a few days later Mary also passed away. The amount of money that it took to keep those people apart in the poorhouse is not a cent more than it would have taken to keep them together under their own roof."

WHY OLD WORKERS ARE "SCRAPPED"

In the industrial establishments of the present day, where men must work often ceaselessly and at capacity to supply the demands of modern society, the swift-moving, power-driven machinery permits very few to play any part after the age of 60. The requirements of keen eyesight, skilled hand, and steady nerve are imperative. Furthermore, the constant strain from working with delicate, swift machinery tends to enfeeble these necessary faculties prematurely. To aggravate the situation, the cheaper production by machinery makes it impossible for the discharged elderly men to compete in any line of work.

The consequence is that with the progress of civilization the number of unemployed beyond a certain age is constantly increasing. This is shown by census statistics. In 1890 the unemployed above 55 years of age were 15 percent; in 1900 they were 19 percent. Of men over 65 the unemployed were 25 percent in 1890 and 32 percent in 1900. By analogy, at the present time the percentage of the unemployed among those over 65 years of age would be not less than 47 percent under normal conditions. In other words, fully half of workmen over 65 years of age are scrapped.

The investigations of the different State commissions warrant the conclusion that 1 in every 5 persons past the age of 65 is classed as a pauper, and that 1 in every 3 is dependent either on public or private charity or on relatives or friends. Two out of every five passing their fiftieth year have no property or income other than their daily earnings. By the age of 60 their earning power disappears, and they must, if without relatives or near friends to aid them, fall back upon public charity.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, I call attention to a joint resolution of the Legislature of the State of New York, passed April 12, 1934. The State senate is Democratic and the lower house is Republican. This resolution went through without a dissenting vote, and is a nonpartisan expression of opinion. It is as follows:

STATE OF NEW YORK,
IN SENATE,
Albany, April 11, 1934.

By Mr. H. L. O'Brien

Whereas it is the judgment of eminent economists and practical business executives that business recovery is retarded by the inability of manufacturing and commercial establishments

throughout the country to obtain operating capital, thereby unnecessarily continuing and aggravating the deplorable unemployment situation which has brought so much suffering and deprivation to millions of workers and their families; and

Whereas it is generally conceded that manufacturing and commercial executives have, in the main, cooperated sincerely with the National Government in the effort to relieve suffering and bring business back to a stable and economically sound normalcy; and

Whereas it is now generally conceded that the operation of the Federal Securities Act of 1933 has interfered with the orderly recovery of business: Now, therefore, be it

Resolved (if the assembly concur), That the Congress of the United States be and the same hereby is respectfully memorialized to amend the Securities Act of 1933 by eliminating all of its civil liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; and be it further

Resolved (if the assembly concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New York.

By order of the senate.

MARGUERITE O'CONNELL, Clerk.

In assembly April 12, 1934. Concurred in without amendment. By order of the assembly.

FRED W. HAMMOND, Clerk.

I concur in the general purpose of this resolution and believe that the Congress should direct its attention to an amendment and modification of the Securities Act. I am thoroughly in accord with the general purpose and theory of the Securities Act. I believe that investors should be protected by a National Securities Act, but I believe that the act we have passed during the special session is so drastic that it has dried up the long-time capital market. The banks are filled with money awaiting investment. The channel, however, to bring these large sums of money into the trade and commerce of the United States has been dammed up by the unnecessary drastic provisions of the Securities Act. I believe that we should modify this act in order to fully protect the investor on the one hand and on the other make it possible to free this long-time capital market so that millions can flow into industry and business. More money would thus be engaged in putting men back to work than can possibly be spent by the Federal Government. I believe that the Committee on Interstate and Foreign Commerce ought to seriously restudy this situation.

A bill has been introduced in the Senate by Senator HASTINGS to remedy this situation. This bill amending and modifying the Securities Act fully protects the investor, but at the same time does not freeze private capital and the private savings of the people, which under normal times flows into private trade and industry. More millions would be spent in putting people back to work by a reasonable modification of the Securities Act than could possibly be spent by the Federal Government for public works.

Mr. ADAMS. Will the gentleman yield?

Mr. BACON. I yield to the gentleman from Delaware.

Mr. ADAMS. Is the gentleman in accord with that part of the resolution of the State of New York which refers to the elimination of all of the civil liability provisions of the Securities Act?

Mr. BACON. I used the resolution simply as a text. I am not endorsing the resolution in detail, but simply in principle and using it as a text to suggest the restudy of the whole question, with a view of freeing the long-time capital market which is now frozen, so that money may flow back into commerce and industry in order that the commerce and industry of this country may obtain what they need most, and that is long-time capital rather than short-time bank credits. The reasonable modification of the Securities Act is one of the vitally necessary steps that must be taken if recovery is to be speeded and not retarded.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 6 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, the farmers of America are within the clutches of an Agricultural Department composed of men, some of whom are far more in sympathy with the non-profit system of Russia than they are with the

profit system of American business, and some others of whom are mere dreamers, theorists, and experimentalists with no practical knowledge of farming. With the farmers of America held within the clutches of such an organization of men there is little hope of recovery either for agriculture or for the country.

So far as agriculture is concerned, there is no hope of recovery so long as the destinies of the farmers are being molded by such men. So far as the country is concerned, there is no chance for recovery unless agriculture can recover and be on a profit basis. One of the greatest contributing causes of our present economic and social dilemma is to be found in the fact that there has been economic discrimination against the American farmer since 1920. Throughout this period of time the farmer has been on a nonprofit basis. It has been utterly impossible for him to take the proceeds from his products and pay the increased price of things which he buys, increased transportation charges, and increased taxes.

So far as Congress and the country are concerned, it was fully understood that the very purpose of the Agricultural Adjustment Act was to place agriculture on a profit basis. The farmers accepted Mr. Roosevelt in the last election upon his promises and pledges in his pre-election speeches, particularly in his Topeka speech. From those pledges the farmers had every right to believe that Mr. Roosevelt would have a program which would provide profits for agriculture. The message which the President sent to Congress when he requested the Agricultural Adjustment Act was in keeping with his pre-election statements. The Congress accepted that message and enacted the Agricultural Adjustment Act, believing that it would be administered so as to produce profits for agriculture. It was in that spirit that I voted for the Agricultural Adjustment Act.

Those in the Agriculture Department who are administering the Agricultural Adjustment Act are brazenly repudiating the pre-election statements of the President on agriculture. For instance, in his Topeka speech he criticized the Hoover administration for advocating a program of reduced production. He referred to the Hoover program that there be a reduction in cotton and wheat production and a reduction in the number of dairy cows as the invention of a cruel joke and as a mere alibi to cover up failure, yet in the face of his pre-election statement those in control of the Agriculture Department are carrying on a reduction program far in excess of any plan ever suggested by the Hoover administration.

In his Topeka speech Mr. Roosevelt made the sacred pledge that the program which he would offer would be voluntary and that there would be no coercion. The program which is being inaugurated by those in control of the Agriculture Department is ruthless and insidious coercion of the worst kind. Mr. George Farrell, in charge of the wheat allotment, in a speech at Pratt, Kans., was reported in the Hutchinson (Kans.) News of March 31 as follows:

Our delicate task is to steer the price of wheat so that the man outside of the allotment makes no money and the man inside does.

In this statement Mr. Farrell makes bold the statement that the Agriculture Department is so determined to coerce the farmers that it will use the power of government to manipulate the wheat market and to rig the price of wheat so as to impoverish the farmer who does not voluntarily enter into the "voluntary" allotment plan. This program makes hypocritical mockery of the President's pre-election statement that his plan would be voluntary and that there would be no coercion.

Among those in the Agriculture Department who are opposed to profit in business are Rexford Tugwell, Assistant Secretary of Agriculture, and Jerome Frank, General Counsel of the Agricultural Adjustment Act.

There runs throughout all of Mr. Tugwell's writings his opposition to the profit system and to business operating its industries. He is determined that our business structure shall be so changed that business will have to disappear. His theory is not a recovery of business but rather a destruction of business. In his speech before the American

Economic Association at its forty-fourth annual meeting he said:

The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

We are told that the present program of agriculture is based upon a planned economy. Mr. Tugwell has no respect for a planned economy consistent with the individual operating his own business. He believes in a planned economy which destroys our present constitutional and statutory structure of government and our present form of business based upon profit. In this same speech before the American Economic Association, Professor Tugwell said:

It is, in other words, a logical impossibility to have a planned economy and to have business operating its industries just as it is also impossible to have one with our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required.

As to Mr. Frank and his views pertaining to profit for agriculture or business generally, I shall quote from a statement recently published by the Cooperative Dairy Defense Committee:

A.A.A. has refused to accept the counsel or to heed the plans suggested by practical leaders in the dairy industry. Had such plans been followed the dairy industry would now be well on its way to stabilization.

Of course, this stabilization implies that a profit motive may be considered by both producers and distributors.

Mr. Frank, however, states that such profit motive is only one of our "current folkways."

Now, what hope is there for a farmer to obtain a profit from an agricultural program when one of the principal administrators speaks so disparagingly of profit as to refer to the profit motive as only one of our "current folkways"?

Profit cannot be taken out of business without going to the communistic system of production. The very heart of communism is that profits are denied to the producer. It is always difficult to force a tiller of the soil to give up the honest profits which are due him. The Russian Soviets found that out, yet they were determined to take profits away from the kulaks, the most substantial Russian farmers. The Soviet took profits away from them through the process of tyranny and persecution. The Russian farmers, whose only crime was that they insisted upon a profit from their honest toil, were disfranchised, imprisoned, and banished.

So far as men like Frank and Tugwell are concerned, such bonuses as the farmers are now receiving are not being given for the purpose of making profit for the farmer but as bait to lure him into a trap where he in the operation of his land will be under the complete domination of the Government. Professor Tugwell, in his Philadelphia speech of December 29, made plain that the present agriculture program was merely being used to control the entire utilization of all agricultural land. In that speech he said:

We are now engaged in a drastic program of controlling agricultural products for the emergency. This in itself means that we are trying to control the entire utilization of all agricultural land.

In the closing words of his Philadelphia speech Professor Tugwell said:

Private control has failed to use wisely its control of land. * * * For the first time the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens of the country.

There has been no legislation enacted by Congress which gives the Government any direct control over the land. There is no possible way that the Government can now be building a land program as Mr. Tugwell said that it is doing, except that the agriculture act be so perverted, jockeyed, and used as to gain control of the land.

The individual farmer in receiving his temporary bonus may think that he is receiving something for his benefit. This is not Mr. Tugwell's intentions. In this speech he

makes bold the statement that this control of the land is not merely for the benefit of the one who happens to hold title to it, yet the American farmer is insidiously being led to believe that this Government program which is controlling his land is for the benefit of him who holds title to it, but such is not the case. This control of the land is for the benefit of what Mr. Tugwell and those of his kind say would be for the benefit of all the citizens of the country rather than for the benefit of the individual who happens to hold title. That is identical with the program of the Russian Soviet. The Soviets were determined that the control of the Russian land would not be for the benefit of the kulaks who owned the land and produced the farm products, but for what the Soviets regarded the benefit of the people as a whole. The thrifty kulak who thought otherwise was disfranchised, imprisoned, and banished, and the strong arm of the Russian Government stole away from him the products of his toil.

Mr. Brookhart is another in the Agriculture Department who regards the Russian system as better than the American system. Recently he made a speech expressing such views at a dinner held in Washington. I shall not go to the trouble of quoting his speech. This is not necessary. I take it that Congress and the country will take judicial notice that Mr. Brookhart thinks more of the Russian system than the American system. The farmers of Iowa took such notice in the last primary election when they defeated Mr. Brookhart for renomination to the United States Senate.

Coming now to those in the Agriculture Department who are mere theorists and who are experimenting on the American farmer, I shall quote a few paragraphs from the recently published statement of the Cooperative Dairy Defense Committee:

Graphically portrayed within is the incredible fact that milk policies of A.A.A. are being chartered by book- and law-trained men appallingly devoid of practical experience in either large or small operations in farming or merchandising.

These men have demonstrated their failure to realize that the Congress in enacting A.A.A. charted a course in practical economics far beyond ordinary studies for Government regulation. Technique of government may be discovered from books in which may be reviewed the accumulations of experiments and experiences through the centuries since the early Greek democracies. But the "know-how" of producing and merchandising agricultural commodities must be predicated upon knowledge to be had only from practical operations.

The group of present dictators of the A.A.A. milk policies are not so qualified.

Mr. Jerome Frank, general counsel of A.A.A., in his press release of December 30 complacently speaks of this group as "experimentalists." Properly and bitterly named as far as the dairy industry is concerned. Ten months of their experimentalism, of their vacillations, delays, and changes in policy have brought the dairy industry into a condition more desperate than it was a year ago.

As to Secretary Wallace, the most charitable appraisal that can be made of him is that he is merely a visionary experimentalist or that he is a helpless victim of the Tugwell influence in the Agriculture Department. It is only by extending to him this charity that he can possibly be excused for the inconsistencies evidenced by his previous opposition to the reduction program in the former administration, while the very keystone of the present agriculture program of his Department is based upon reduction of farm production. In one of the recent issues of a business letter published in one of the national business reports, which is wholly nonpartisan and comments on governmental activities in their true and actual light, the following was reported:

A.A.A.: It's in a mess, but the sober realistic Chester Davis is on the point of pulling it out. He's hampered somewhat by the philosophic Wallace, who is so nobly long-visioned that he bumps his nose against rough trees as he walks, peering, philosophizing.

The dominant and masterful personality in the Agriculture Department is the Assistant Secretary, Rexford G. Tugwell. The majority of the remainder of the men in the Agriculture Department are largely so much putty in the hands of Mr. Tugwell to be molded as he chooses to fashion them. Professor Tugwell is highly intelligent and knows full well where he wants to carry this program. He is determined to keep profit out of agriculture. He knows that the way to do this is to keep the farmer in sufficient despair that

he will be willing to submit to any and all forms of governmental domination in order that he may receive a little cash bonus here and there, and now and then. Professor Tugwell knows that these experimentalists, who are wholly incompetent to meet the realities of the situation, serve his purpose just as well as someone who would ally himself with Mr. Tugwell whole-heartedly in a program which would so modify the farmers operating their own agricultural industry under our present constitutional and statutory structure as to mean destruction and rebeginning.

Remember, he said in his address before the American Economic Association, the following:

It is, in other words, a logical impossibility to have a planned economy and to have business operating its industries just as it is also impossible to have one with our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required.

Professor Tugwell makes it clear in his address to the American Economic Society that the program of planning requires three wholesale changes in American life, namely:

First, break-down in present statutes and the Constitution of the Government.

Second, destroying of private business.

Third, destroying the sovereignty of the States.

Professor Tugwell in his speech even goes so far as to say that we shall be obliged to recognize that often the Federal area will not be large enough. This obviously means that he prefers to make internationalism an ultimate goal. I shall quote the exact words of Professor Tugwell on these three requirements:

First:

We have a century and more of development to undo. . . . The first series of changes will have to do with statutes, with constitutions, and with government. The intention of eighteenth and nineteenth century law was to install and protect the principle of conflict; this, if we begin to plan, we shall be changing once for all, and it will require the laying of rough, unholy hands on many a sacred precedent, doubtless calling on an enlarged and nationalized police power for enforcement. . . .

Second:

There is no private business, if by that we mean one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest.

Third:

Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often not even that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments for control.

In conclusion in commenting upon these three requirements, Professor Tugwell, in this speech, says:

All three of these wholesale changes are required by even a limited acceptance of the planning idea.

As a Representative of a farm district, I protest against Frederick Howe's being consumers' counsel of the Agricultural Adjustment Administration. Contracts in which the financial welfare of the American farmer is involved are being made by the Agriculture Department. These contracts pertain to marketing and other conditions and are passed upon by these men, Howe and Frank. Remember, Frank is the attorney for the Agricultural Adjustment Administration and Howe is the attorney representing the consumers in the Agricultural Adjustment Administration. Frank does not believe in profits. Here is the record of Howe: He was commissioner of immigration of Ellis Island during the Wilson administration. As commissioner it was his duty to deport anarchists. Let us see how well he performed that duty.

At that time Mr. LaGuardia, now mayor of New York City, was a Member of the House of Representatives. Here is what Mr. LaGuardia said of Mr. Howe on June 21, 1919, on page 1522, CONGRESSIONAL RECORD, first session Sixty-sixth Congress:

We have fixed laws in this country on the question of immigration, and whether Mr. Howe believes in the laws or not, it is his sworn duty to enforce them.

We are able to take care of the anarchists in New York City, by our municipal police, but after we get these anarchists and turn

them over to the immigration office at Ellis Island, we find that the immigration commissioner, instead of deporting them according to law, acts as their counsel.

Such was the opinion Mr. LaGuardia had of Mr. Howe. A greater liberal, a more intellectually honest man, and a greater patriot never sat in the Congress of the United States than Mr. LaGuardia.

Mr. Siegel, a Representative at that time from the State of New York, on page 1523 of the same CONGRESSIONAL RECORD, had the following to say of Mr. Howe:

We are appropriating \$600,000 for the deportation of anarchists. We appropriated \$500,000 to help the Attorney General find these men who are opposed to our form of government and our laws. It is useless to have a commissioner of immigration at New York away from his post of duty. He presided as chairman over what proved to be the largest Russian meeting held in Madison Square Garden a few weeks ago.

Now these anarchists and others who do not believe in our form of government are gathered up, for instance, at Seattle and sent to Ellis Island, and then, lo and behold, at Ellis Island they are given better treatment than is given to honest, worthy immigrants when they arrive here and pay their increased head tax.

It must be remembered that when Mr. Siegel spoke of appropriating \$500,000 of the taxpayers' money to assist the Attorney General in rounding up anarchists he was speaking of the Attorney General of the Wilson administration. Mr. Siegel made it clear that the taxpayers were paying their hard-earned money to make it possible for the Department of Justice of the Wilson administration to round up these enemies of the Government and yet when they were captured and taken to Ellis Island, which was under the control of Mr. Howe, they were treated as guests—even better than worthy, honest immigrants.

Shortly after these statements were made in the House of Representatives by Mr. LaGuardia and Mr. Siegel, Mr. Howe quit his post as commissioner of immigration at Ellis Island. I do not criticize the Wilson administration for having him in this position in the first instance. My criticism is of Mr. Howe because conduct such as outlined by Mr. LaGuardia and Mr. Siegel was a betrayal of the Wilson administration by a man who has been intrusted with public office by that administration. Today we find this same man, Howe, back in this administration in a position where he has great power over the American farmers. I resent the condition which now exists with the destiny of the millions of thrifty, hard-working, honest American farmers in the hands of men with the ideas of Tugwell and Frank and with the record of Howe.

I am perfectly willing to assume and believe that President Roosevelt was in good faith when he made his pre-election speech at Topeka and when he sent his message to the Congress. I am perfectly willing to assume and believe that today he is in good faith and has a sincere desire for agriculture to be returned to a profitable basis. I am perfectly willing to assume and believe that he has been betrayed by those of the Tugwell and Frank school of thought in the Agriculture Department the same as I believe that the farmers of America are being betrayed by Tugwell, Frank, and those of their kind who are dominating the Agriculture Department. However, from this day on, the responsibility is upon the President to deliver the American farmer from the clutches of the Tugwell school of thought. Congress and the farmers are helpless. They cannot remove Mr. Tugwell from the Agriculture Department. They cannot place the Agriculture Department in the control of capable and practical men who have a sincere and honest desire to carry on an agricultural program in keeping with the President's pre-election speech and his message to Congress and in keeping with traditional American business and statutory government within the Constitution. Only the President can correct this situation. He and he alone has the power to purge the Agriculture Department of Tugwell, Frank, Brookhart, and others whose desire is to nationalize agriculture and to make the farmers of America mere vassals of the Government rather than to bring about recovery for agriculture, a recovery in keeping with the American system of private operation of business at a profit and in keeping with constitutional government.

These remarks are not partisan in the sense of being pro-Republican or anti-Democratic. I am perfectly willing for the Agriculture Department and every other executive department of this Government to be filled with true Democrats during this Democratic administration. I am not criticizing the Democrats. I am only criticizing those in the executive departments of the Government who are neither Democrats nor Republicans but, irrespective of the political label they may profess, are in fact disciples of a political, governmental, and economic philosophy which is foreign to American ideas. I want them put out of power and I am perfectly willing for them to be replaced by Democrats who are loyal to the Democratic principles of Jefferson, Jackson, and Cleveland, which are the same principles cherished and possessed by the overwhelming majority of Democrats today in and out of Congress.

For example, I regard Postmaster General Farley as unduly partisan. As a Republican, I should like, as a result of a constitutional election, to see him one day replaced by a Republican, but none of my criticism in these remarks is leveled against Postmaster General Farley and other true Democrats in executive offices. I hope the subject which I am discussing today may never become a partisan issue between the Republicans and the Democrats. It will not be so far as I am concerned unless it becomes evident that as a last resort the only available means of driving men such as Tugwell, Howe, and Frank from appointed power is the election of a Republican Congress and President. For the good of the people, Republicans and Democrats alike, I hope that happy day is not postponed until after some future election. I much prefer that President Roosevelt quickly clean his administration of men of the Tugwellian school of collectivism, which is contrary to constitutional Americanism. If ever men of this school are to govern this country, I want it to be after the people, in an open election, have deliberately chosen such men as their leaders. As yet, the people have not done that. In fact, in the last election, they refused to do it when they refused to elect Norman Thomas as President. I truly believe that only by driving these men from power can President Roosevelt keep the faith with his pre-election speeches and the Democratic platform. This is especially true in the matter of administering the President's agricultural policy.

Agriculture is dear to me. It is the basic occupation of free men. It is the ancient and honorable occupation of my fathers. I was born and reared in that occupation, and it gave to me the sustenance of my youth and such education as I would acquire. So far as I am concerned, agriculture in America must forever remain the occupation of free men and never be the occupation of vassals of a bureaucratic government. With American agriculture being betrayed as it is by the Tugwell domination in the Agriculture Department, I could not choose to remain here silent even if by doing so I might be insured of a long tenure in office.

Mr. DITTER. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, a large part of the time in general debate has been taken up with subjects other than the bill itself. As a member of the committee, I feel that I should bring to the attention of the committee the points of objection to the bill which, in my opinion, provide a reasonable basis for support of the gentlemen from both sides of the aisle. This is not a partisanship matter, but is a matter that should receive the consideration of the Democrats as well as the Republicans. I believe that the District of Columbia, committed as it is under the law to the Congress for its care, is definitely a charge upon us. I believe that so far as the municipal operations are concerned it should be as much a matter of our concern as those things that are peculiarly matters of interest to the several districts which we represent. But only too often, from what I have been able to learn, most men have been anxious about those matters that concern their own districts and are entirely unmindful of the matters that concern the District of Columbia and its people.

I feel I should say a word of commendation to the Chairman and the members of the majority side for their kind-

ness, their courtesy, and the energy with which they approached this problem. That I am not in accord with them, that I do not accept the bill in the way in which it is framed, is in no sense to be construed as a reflection upon them. I think that the bill is a misnomer. I believe that instead of calling this the District of Columbia appropriation bill it should be called the District of Columbia tax bill. I believe that the motive which prompted the majority group in studying and in preparing the measure was primarily the matter of reduction of taxes for the District of Columbia.

I do not know whether any of the Members on the majority side made commitments back home about reduction in taxes and were not able to fulfill them so far as their own districts were concerned and felt that they might carry out that promise or obligation by reducing the taxes so far as the District of Columbia is concerned, but I do feel that instead of approaching the measure looking toward an appropriation for the municipal operations of the District the majority group approached it primarily with the purpose of reducing the taxes from \$1.50 to \$1.20. That might be a commendable thing to do, provided that in the program there would be no curtailment of the operations that in my judgment should receive the financial support to which they are entitled.

Mr. BLANTON. Will the gentleman yield?

Mr. DITTER. I yield to the gentleman from Texas.

Mr. BLANTON. May I tell the gentleman what happened last year? The committee proposed on behalf of the home owners of Washington, the poor people who bought small homes here and who are trying to pay for them, that we would reduce the taxes from \$1.70 to \$1.50 by effecting some sane retrenchment in existing waste and extravagance.

The Commissioners and newspapers, who always want a lot of money spent, went up in the air about it and said it could not be done, but instead of their position being right, we reduced the assessed value of property in the District last year \$80,000,000 and at the same time reduced the tax rate from \$1.70 to \$1.50, and then had a cash surplus left over of more than \$5,000,000.

This is a most remarkable situation when District Commissioners and newspapers do not want a reduction of taxes in behalf of the people they represent.

Mr. DITTER. Now, my good friend, are you willing to take time out of your own time—

Mr. BLANTON. I should not have done this, but we will meet our friend at Armageddon.

Mr. DITTER. The observations of the gentleman from Texas have much merit. I acknowledge that I am a new Member of the House, I acknowledge that I am a new member of the committee, but I believe my friend from Texas will concede that I was attentive during the hearings, and I will boast that I tried to follow through those hearings to determine whether the purpose of the hearings was to inquire into the worthwhileness of the municipal operations that are in force in the District, and I contend that a large part of the 750 pages of hearings is devoted to matters other than a direct inquiry into the worthwhileness of the municipal operations of the District of Columbia.

Mr. CULKIN. Will the gentleman yield?

Mr. DITTER. Certainly.

Mr. CULKIN. Although the gentleman is a new Member, he refuses to be bulldozed from any source or to be a rubber stamp.

Mr. DITTER. Let us take that out of the RECORD. My friend and I are friendly. We may differ, but I prefer that such a statement do not appear in the RECORD.

Mr. BLANTON. I may tell the gentleman that if he knew our friend DITTER like we know him he would know that the bulldozing would come in the other way. [Laughter].

Mr. DITTER. After this interruption, let me get back to the District of Columbia bill.

I contend that economy, whether it is in municipal operations or county operations or in Federal operations, is a worthwhile objective, provided the economy can be practiced

and we get a dollar's worth of value for a dollar spent for a worthwhile operation of Government; but if the economy comprehends a curtailment of necessary and worthwhile municipal operations, then to my mind it is false economy.

I believe the city of Washington should be an ideal city. I believe it should be the pride of every man who visits here. I believe when our constituents come here we should be able to show them the city and take a pride in it.

Let me point out to the men on this side just a few of the slashes that have been made in this appropriation bill—and, mark you, the Budget Director has gone over and helped prepare the Budget providing for these expenditures.

We have just been through a wet-and-dry fight. We have just been through a program as to the kind of legislation we should have here in the District to provide the means to buy a drink for those who want to get a drink. We set up the Alcoholic Beverage Control Board, and on the basis of the Budget as it was made, \$50,900 was provided for the operation of this Board. But the committee, with no rime or reason, with absolutely no statement and no hearings to justify it, politely take \$22,000 of the \$50,000 out of the Alcoholic Beverage Board's appropriation and cut it down to \$28,000, or practically 50 percent. Why did they do it? Are these men who are sponsoring an appropriation of this kind motivated by the idea they do not want enforcement?

Let us look at the Public Utilities Commission. I am not here to defend the Commission, and I want my friend from Texas to know that definitely. I hold no brief for the Commission. I do not know the members of it. I do know something of the things they have tried to do, and I contend that the Public Utilities Commission should be, and I believe can be, a protecting agency for the consumer public, for the group that uses electricity and gas and the telephone and the street railway. But for the operation of this organization, founded and created primarily for the purpose of the protection of the consumer public, 43 percent of the amount provided in the Budget has been deducted. From an estimate of the Budget of \$86,000, a reduction was made of \$32,000, simply taking the Public Utilities Commission and casting it aside as an ineffective instrument of government. I contend here, subject to such correction as the gentleman from Texas may subsequently care to bring in, that in my opinion from the study of the facts as I have made them, I believe the Public Utilities Commission has tried to do an honest and a worth-while job for the people who live here in the District.

Mr. GLOVER. Will the gentleman yield for a question?

Mr. DITTER. I shall be happy to yield to the gentleman.

Mr. GLOVER. The gentleman suggests that the bill proposes to reduce the rate of taxation from \$1.50 to \$1.20, and it is the lowest now of any I know in the United States. I know of no State that has anything comparable with it and I should like to know if there is any suggestion or provision in this bill whereby the amount that the Federal Government is annually contributing for the support of this city is to be reduced in the same proportion as the taxes are to be reduced.

Mr. DITTER. At the present time the amount of the allotment from the Federal Treasury is to be the same as it has been in the past; but, answering the gentleman's observation, may I say I fear this condition: If we consume by the lowering of the tax rate the surplus which presently is in the hands of the Commissioner group, if an untoward or unusual demand should come, we would thereby invite the possibility of an increased amount of allotment from the Federal Treasury. This is my observation.

Mr. BLANTON. Will the gentleman yield?

Mr. DITTER. I shall be glad to.

Mr. BLANTON. There is a provision in this bill to use the accumulated cash surplus they have now to reduce the tax to \$1.20. That is 30 cents per \$100 more than it was when I came here, when the property value was much less. That is, of course, subject to a point of order if the gentleman makes it. Did the gentleman make it in our subcom-

mittee? He could have knocked it out there if he had made the point of order against it.

Mr. DITTER. I am fair to the gentleman from Texas; I have not been personal. I did not make it in committee, but I gave expression to my objection. I have not in any way been guilty of laches, and I have not given up my right at the proper time to exercise it.

Mr. BLANTON. When we went into the full committee of 35 members, did the gentleman make the point of order there and knock it out? No! He could have done it there before it was introduced in the House. Did he do it there?

Mr. DITTER. No; but a member of the committee made objection, not as a point of order, but it should have been notice to the subcommittee sponsoring the reduction that they would be faced with a point of order.

Mr. BLANTON. Will the gentleman yield for one more question?

Mr. DITTER. For one more question.

Mr. BLANTON. The gentleman, by making a point of order, would make the taxes 30 cents more than is proposed in the bill, which would raise \$4,000,000. If the gentleman makes the point of order, will he then take \$4,000,000 off the Federal contribution in the bill? If he will agree to do that, I will go along with him.

Mr. DITTER. No. I still think that would be a hazardous thing to do. There are certain municipal operations that I believe demand proper attention. There is \$598,661 that has been sliced off of the estimate of the Budget. May I point out that of that sum almost 50 percent of it is represented by public-welfare projects.

You heard the lady from New Jersey make an eloquent plea for the tuberculosis hospital in the District. I want to point out to you that in addition to the observation she made, the bill would take \$10,000 from the children's tuberculosis sanitarium. And may I point out that it will take \$3,744 from the small allotment made for the tuberculosis hospital?

Permit me to direct your attention to the matter of street lighting of the city. Personally, I think the more street lighting we have, the more possibility we have of getting hold of the problem of crime. Criminals lurk in the darkness and shadows. I believe we ought to have street lights to compare favorably with other municipalities throughout the country. But still the bill would take \$137,600 from that item.

I say that is not warranted. I personally believe that \$137,000 should be included in the bill.

Consider, if you will, the plea, as it was presented to the committee by the fire department. Those in charge of the fire-fighting apparatus in the city came to us and told us they had equipment that was 15 years old and more. They advised us that some of that equipment should be replaced, that they should have new equipment, that they should have that kind of equipment which will enable them in time of need to answer the call as it may come to them. They need \$30,000 for new equipment. I believe the \$30,000 is warranted and necessary. Still the committee, motivated, as I say, with but this one idea of the reduction of taxes from \$1.50 to \$1.20, say that \$30,000 worth of new fire-fighting equipment in the District of Columbia cannot be had.

I believe all of you men are interested in public schools. My own observation is that the public-school system is the thing that contributes more definitely to the stability and strength of American manhood and womanhood than any other one single factor.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DITTER. Mr. Chairman, I shall take 5 minutes additional.

Still the committee would take from the public schools in the matter of fuel and light \$25,000, and the only possible justification for that reduction is the observation of one of the members of the committee that he thought coal would be cheaper next year than it has been in the past, whereas, as I personally believe—and I believe I have the support of most of the Members here—my opinion is that it is going to be more expensive than in the past, and instead of requiring less money for coal we will require more.

Like every other city we have a real problem here in Washington with regard to the juveniles. The children, those who either because of their own mistakes or because of a lack of proper environment or because of circumstances beyond their control, have made a misstep here or a misstep there. In many instances they come into the juvenile court, and that court hands them over to an agency for care and development in the hope that the child, the ward of the juvenile court, can be made into a useful member of society. To my mind that is a trust, that is an obligation, that is a commitment definitely placed into your hands and my hands which we cannot evade.

Those children have a right to look to you and to me with the hope that we will aid them to become better men and better women. But the committee says that \$40,000 shall be taken from the amount provided for the care of these children, these wards, many of them, most of them, of the juvenile court, so that these wards of the court, these charges of the city, cannot be properly aided in working out their salvation.

I have not touched upon the matter of the library. The library has been reduced. The court has been reduced. The gentleman from Texas [Mr. BLANTON] made the observation a moment ago that taxes were higher now than they were when he came here. I make this observation: I believe there are greater agencies and instrumentalities of municipal government at work today than there were in the days when the gentleman from Texas first came here. If our purpose is to limit, to curtail, to take away those things that have gone for the fullness and the enjoyment of life, if we are to rid the municipal organism of that which will help us to have a more abundant and complete life, then probably this effort of slashing and reducing and denuding is in order. But I do not believe it, and I shall not subscribe to it. I believe that there comes to us a larger degree of social responsibility today than has come to us in the past, and if we are true to the obligations that are ours, we are going to answer that by providing for the municipality here the instrumentalities and organisms needed for the discharge of those obligations.

When the time comes I ask at the hands of the Democrats, as well as at the hands of the Republicans, if you feel that a welfare program, a public-school program, a library program, and these other programs going to make a full, rounded life in the municipality are worth while, to give me support in the amendments I purpose offering. [Applause.]

I ask unanimous consent to extend my remarks in the RECORD and to include a statement showing the cost of operation of the District of Columbia.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Statement showing comparison of District of Columbia appropriations for the fiscal years 1928 and 1933, broken down into maintenance and operating costs and capital expenditures

Title	Fiscal year 1928			Fiscal year 1933			Maintenance and operation	
	Appropriation	Maintenance and operation	Capital expenditures	Appropriation	Maintenance and operation	Capital expenditures	Increase	Percent of increase
General expenses, including free Public Library, register of wills, and recorder of deeds.....	\$1,477,913	\$1,472,913	\$5,000	\$2,453,518	\$2,415,518	\$38,000	\$942,605	64.00
Contingent and miscellaneous expenses.....	312,829	312,829		729,430	720,930	8,500	408,101	130.45
Municipal Center.....				222,000		222,000		
Street and road improvement and repair.....	3,256,423	1,698,896	1,557,527	3,961,855	1,155,065	2,806,790	(-543,831)	(-32.01)

Statement showing comparison of District of Columbia appropriations for the fiscal years 1926 and 1933, broken down into maintenance and operating costs and capital expenditures—Continued

Title	Fiscal year 1926			Fiscal year 1933			Maintenance and operation	
	Appropriation	Maintenance and operation	Capital expenditures	Appropriation	Maintenance and operation	Capital expenditures	Increase	Percent of increase
Sewers.....	\$1,465,000	\$258,950	\$1,206,050	\$1,572,620	\$400,240	\$1,172,380	\$141,290	54.56
City refuse.....	1,431,140	1,396,140	35,000	1,698,520	1,673,520	25,000	277,380	19.87
Playgrounds.....	146,880	146,880		195,820	195,820		48,940	33.32
Electrical department.....	765,623	765,623		1,211,720	1,153,595	58,125	387,967	50.67
Public schools.....	7,933,837	7,860,850	72,987	10,594,230	10,200,239	393,991	2,339,389	29.76
Public school buildings and grounds.....	1,683,000		1,683,000	1,568,500		1,568,500		
Police department.....	2,967,480	2,887,980	79,500	3,489,324	3,489,324		601,344	20.82
Police and firemen's relief fund.....	376,705	376,705		653,635	653,635		276,930	73.51
Fire department.....	2,623,160	1,943,660	79,500	2,379,120	2,336,620	42,500	392,960	20.22
Health department.....	253,330	253,330		459,310	449,410	9,900	196,080	77.40
Courts and prisons.....	721,724	721,724		935,010	935,010		213,286	29.55
Public welfare.....	3,158,020	2,918,020	270,000	6,725,333	6,069,083	656,250	3,151,063	107.99
Militia.....	\$47,450	47,450		58,600	58,600		11,150	23.50
Public parks.....	1,020,086	850,686	170,000	1,272,905	951,285	321,620	100,599	11.83
National Capital Park and Planning Commission.....	600,000		600,000	1,047,185	47,185	1,000,000	47,185	
National Zoological Park.....	157,000	157,000		228,880	228,880		71,880	45.78
Increasing water supply.....	2,500,000		2,500,000					
Total, general fund and gas tax.....	32,328,205	24,069,641	8,258,564	41,457,515	33,133,959	8,323,556	9,064,318	
Water service.....	1,229,920	778,920	451,000	2,091,330	1,017,042	1,074,288	238,122	30.57
Grand total.....	33,558,125	24,848,561	8,709,564	43,548,845	34,151,001	9,397,844	9,302,440	37.44

Mr. JACOBSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, my remarks will be non-political and nonpartisan. We have heard a great deal of discussion recently about the discharge rule. We have heard a lot of debate about officials heading up the Department of Agriculture and the A.A.A.

I can say to some of these gentlemen, without going into personalities in those departments, that they are not entirely erroneous. But what I am interested in and the only problem of American agriculture in which I am interested is the obtaining immediately of higher prices for farm products, lower interest charges, and quicker refinancing of our farm mortgages. Let me call to your attention the fact that the Farm Credit Administration, after more than 1 year of operation, has loaned slightly more than \$600,000 out of the \$2,000,000,000 Congress made available. At this rate, at this speed—and we have no reason to believe that it will be faster in the future—it will take nearly 4 years to negotiate all the loans for which Congress has provided money. During this time tens of thousands and hundreds of thousands of farmers will have lost their farms through foreclosure.

I care not, Mr. Chairman, for the preaching or the propaganda of sidewalk farmers from the city of Chicago and the city of New York. I think what we need most in the Department of Agriculture and in the A.A.A. is some real dirt farmers who know from actual experience, who know from actual contact with the soil, from actual contact with the hard labor of farming, who know from the long training and experience not only of themselves but of their forebears for generations back what it is to earn a dollar and to keep a dollar on these great American farms.

As to the matter of petitions to discharge committees, simply because there are Members of the House who do not believe that this rule should exist today, that it should be modified to require a majority instead of 145 signatures to discharge the committee is no reason why I should disagree with them in other legislative matters or why they should disagree with me in other legislative matters. I respect their views and hope they respect mine. With a House membership of 435 representing 120,000,000 people, it is fair to say that 145 Members represent at least 40,000,000 people. I say that whenever 40,000,000 of our people, through their Representatives in Congress, request that a committee be discharged from further consideration of a certain bill that the bill may be considered and voted upon in the House, then such a bill should be acted upon at the earliest possible time.

Necessity is the mother of invention, Mr. Chairman. Through maladministration of the Farm Loan Act by this same Cabinet official, who is now opposing all inflationary

legislation, who is opposing silver legislation, who is opposing the McLeod bill to pay off depositors in closed banks, and who is opposing other measures for the benefit of the common people, who is responsible for the creation, for the set-up, and for the present administration of the farm credit organization—and I refer to the Secretary of the Treasury, Mr. Henry Morgenthau—our farmers have not been given relief. Then we advocated enactment of the Frazier bill and advocate it now.

In my State of Ohio the administration of the Farm Credit Act has been a farce and a ghastly joke. Had that act been administered as has the Home Loan Bank Act by Democrats or Roosevelt Republicans, then our farmers would not be complaining and protesting today, nor would we need such legislation as we propose to enact in the Frazier bill if given an opportunity. It matters not, Mr. Chairman, what interest rate the farmers have to pay, unless they are given higher prices for their products they simply cannot survive but must eventually drop into that peonage and peasantry of foreign countries. But if you enact the Frazier bill they can hang on until better times arrive.

The proof of the pudding is in the eating thereof. Regardless of what anyone says I want to make a brief comparison of two great branches of the Government—the N.R.A. and the A.A.A. Press dispatches today state: Steel output gained 3 points. This is a news item from the morning's paper. Steel hit 51 percent of normal production. In my own State of Ohio we find that Youngstown steel plants are operating at 59 percent of capacity. We find that in the city of Cleveland steel production is up to 69 percent. We find that steel production is up to 69 percent, and the paper states that steel makers see ahead a period of steadily mounting operations. Some steel plants stopped taking contracts last week due to the effective dates for new prices, fearing a shortage of skilled labor before July 1. We find that the public utilities are mounting, that sales of their securities are advancing. The paper states:

Public utilities appeared to be in somewhat better demand. American Telephone closed up 2 full points after showing a larger gain at the peak. Its report showed \$1.53 a share net for the first quarter. Consolidated Gas was up one half point.

Steels and motors closed up fractions. The rails were also slightly higher, though Atchison gained more than a full point. Pennsylvania reported the first 2 months this year resulted in a net of 11 cents a share on its stock compared with a deficit the same period a year ago.

We find that there has been a great increase in the employment of labor. The gentleman who mentioned the price of coal a few moments ago is right; coal is higher now than it was a year ago, and coal will be higher 1 year from now than it is at present. Who will be the beneficiaries? Both the mine operators and the miners whose wages have in-

creased in my State from 20 cents an hour a year ago to 40 and 50 cents an hour today.

The N.R.A. is a success for the industrialist, whom it was designed to serve; it is a success for the wage-earner, whom it was designed to serve. It has not been a success for the farmer, because it was not designed to serve the farmer. It has worked a hardship upon the farmers because today they have to pay higher prices for every commodity they buy through increases in the prices of industrial products made possible through the N.R.A. We are not kicking. We want the same relief for our own industry.

What about agriculture today? Two hundred and twenty-seven thousand persons moved to cities from farms in 1933. The number of persons who moved from cities to farms and from villages to farms last year was 951,000, whereas 1,178,000 moved from farms to cities and towns. Practically all of these and a couple of hundred thousand more have gone back to the cities because they want to get higher wages and decent standards of living—the same conditions and standards of living enjoyed by their more fortunate city brethren.

What do we find in the market reports today regardless of what anyone may say or write about this great improvement in the agricultural sections of the country? I cite, for instance, the livestock market in Pittsburgh. Hogs sold yesterday for \$4.15 a hundredweight on an average. In the Chicago livestock market they sold for \$3.70 a hundredweight on an average. In the New York livestock market, which is the highest in the country, they sold at \$4.70 a hundredweight on an average. We find that fat cattle sold in all of these markets from \$5 to \$6 a hundred.

That means that the farmer back in the Corn Belt in Ohio, Indiana, Illinois, and Nebraska gets around 4 or 5 cents for his fat cattle. He gets from 2 cents to 3½ cents for his hogs. We find this same situation all down the list. Take poultry products. Farmers are selling poultry back in my State for 7, 8, and 9 cents a pound. The farmers are selling eggs for 8, 9, 10, and 12 cents a dozen. Those are the conditions that exist today.

I want someone on this floor to produce a remedy, a corrective measure, a cure, and not debate with idle gestures and fulsome words as to what this will do or what that will do or what has been done, when we know from actual experience and from our actual contact with the soil and the daily market reports that the farmers are infinitely worse off than they were a year ago. [Applause.]

In the recital of current agricultural prices that I have just given, there is practically only one exception. That exception is cotton. In the past year the price of cotton has more than doubled through legislation that this Congress passed in the first session. We placed the capsheaf on this legislation just yesterday, when we voted in favor of the conference report on the Bankhead cotton bill, which, in my judgment, will maintain the price level at a minimum of 10 cents a pound, and we hope 15 or 20 cents a pound.

This legislation was sponsored and supported largely by cotton growers, or at least such Representatives and Senators, who through a lifetime environment with southern soil and its chief product, cotton, recognized what all the experts, crystal gazers, and crackpots in the Agricultural Adjustment Administration refuse or decline to recognize, namely, that the amount of the surplus that moves to market is subject to control and regulation, and refuses to recognize the fallacious doctrine of these addlepated farm doctors that production can be controlled and regulated by reducing acreage and plowing under every third or fourth row.

I might make another exception of tobacco, wherein the prices have nearly doubled, and should mention also that in the case of corn, the price has been doubled, largely, however, through artificial stimulation, by lending the corn grower 45 cents a bushel on the corn that he has locked up and sealed in his cribs. As proof that this system is artificial, I quote yesterday's market, when May corn closed in Chicago at 42½ cents per bushel. In all fairness, however, I must say that the drastic decline of March 16 and 17 was

due largely to press dispatches that Secretary of the Treasury Morgenthau was opposed to the enactment of silver legislation by this Congress.

But here again we note the disparity between industry and agriculture. A press dispatch from New York, April 17, states:

Another spasm of weakness in grain markets failed again today to disrupt securities prices. When wheat and other farm staples showed continuation of the acute declines of the previous day, the securities markets were inclined to ignore the development.

In plain English, this means that industrialists have had their businesses so reorganized, so refinanced, cost of production guaranteed, plus a reasonable profit, by N.R.A., that they are not afraid of the big bad wolf of ruinous prices for farm cereals.

This has ever been the case. There is nothing new about it. Since the dawn of history there has been an eternal conflict between agriculture, the basic industry, and manufacturing and commerce, the super industries, and in the end agriculture has always gone down. Hence we ask you to pass the Frazier bill, not to make us a profit but to save our farms, to hold them for us until such time as we shall secure, and we eventually will, price fixing for our farm commodities the same as industry now has.

My own plan contemplates fixing of minimum prices for all basic commodities on a plan similar to that in which prices are fixed for industry. We should fix that price on the basis of an 8-hour day, 5-day week plan for the farmer. He should receive 40 or 50 cents an hour for his labor. Then the price should be fixed upon that basis.

Do not misunderstand me. You and I know that if the farmer actually could be organized and committed to a universal agreement calling for only 8 hours a day, 5 days a week, at 50 cents an hour, the problem would be solved. Surpluses would be an unknown quantity. The movement from the farm to the city would cease. The farmer would not only receive cost of production—he would receive a handsome profit. Why? Merely because in the very nature of his business, his set-up, his equipment, his price levels, he is compelled to toil from sunup till twilight, to put in about 16 hours a day, 8 months out of 12, 7 days a week, with the possible scaling down of 6 to 7 hours on Sunday to do the chores and feed and care for the livestock.

As always, the farmer, the most patriotic citizen of all, the heaviest-burdened taxpayer of all, the man with his nose to the grindstone, is the goat of returning prosperity, and the man who stands under the slit in the umbrella of protection and special privilege for others. He must be content with the paper profits that have been calculated for him by the mild-eyed Wallaces, Tugwells, and Ezekiels, whom some of our Republican friends on the opposite side of the aisle in desperate need for political issues to use against the other great accomplishments of President Roosevelt, choose to class as Communists and plotters who seek to bring about a bloody revolution and replace this form of Government with the Russian form.

In my humble judgment, none of these sophisticated literati, who daily write and speak about social reform, not economic reforms, and who preach and prattle about religion, modern and antique, with the loquacity of a Dr. Cadman, a Dr. Poling, or a Billy Sunday, would not possess the courage to tackle a resentful young sow proudly nursing her first born, much less to start a he-man, two-fisted, submachine-gun revolution.

Just let these fellows alone. They will come out of it in time, and if they fail to regain consciousness, that great President, Franklin D. Roosevelt will snap them out of it. Mr. Roosevelt may be fooled for awhile, but not for long, and when he realizes how the farmers of this country are being duped by a false prosperity that exists only in the minds and utterances of a mistaken and misled Secretary of Agriculture, he will crack down upon these misguided young gentlemen the same as he cracked down on the financial wolves and buzzards who reside on Wall Street, U.S.A.

In the meantime, however, during this transition period, during the interim, farmers are being sacrificed daily by the

thousands. They are losing their farms. They are losing their homes. They are losing the hope and ambition that was kindled in their hearts and their minds following the political revolution of 1932. That is why we ask for the Frazier bill. That is why we need the Frazier bill.

The record of the Farm Credit Administration proves in itself that it cannot, or will not, relieve the terrible distress, the gruesome punishment that is meted out to the tillers of the soil by the voracious money lenders and Shylocks. According to reports issued by the Department of Agriculture, the national farm income has been increased 50 percent in the past year. In God's name where is it? I challenge them to prove their assertions. To believe their fantastic statements and grotesque assertions, one would think the farmer was wallowing in clover up to his knees, that he was again gaily bestriding his high-priced tractor, by International Harvester Trust, or by Ford, the money king, attired like unto Solomon in all his glory.

The American farmer may be a sovereign *de jure*, but he is a slave *de facto*. As Humpty-Dumpty fell from the wall and could not be replaced with all the king's men and all the king's horses, the American farmer has fallen from his once high position of being an independent citizen, a country gentleman, a member of the landed aristocracy, and a true knight of nature's nobility, and all the pet illusions, the crack-brained theories, the prolific and inspired writings—brilliant metaphor, matchless eloquence, expert juggling of figures and statistics—will not restore him to prosperity, wealth, affluence, and influence in his community.

The only means of restoration that ever can or ever will be found is to refinance every farm mortgage now at 1½ percent interest, 1½ percent paid on the principle to amortize the loan; straight price fixing for all agricultural commodities, including a minimum of \$1.25 for wheat, 75 cents for corn, \$1 for rye, \$1 for barley, 8 cents a pound for hogs, 10 cents for cattle, 25 cents a pound for butter fat, 25 cents a dozen for eggs, and all other commodities in like proportion.

Give us the Frazier bill. Give us the guaranteed prices heretofore mentioned. Give us a code if necessary. Control and regulate the surplus that moves to the terminal markets, the same as you are now doing in cotton. And your great agricultural problem will in the future be only an unpleasant dream, a hideous nightmare, a gaunt specter of the long-forgotten past. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, would it be out of order to call attention to the fact that our old friend, the "LaGuardia of Wisconsin", John Schafer, is back on the floor just now making us a visit? [Applause.]

Mr. JACOBSEN. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I want to talk about a few items in the District of Columbia bill, and I hope that in the consideration of this bill under the 5-minute rule, when amendments are going to be offered to increase certain appropriations which are very vital to the welfare of the District of Columbia, the committee will have in mind that this bill differs from an ordinary appropriation bill in that the money we are going to appropriate comes not out of the Treasury of the United States but out of the taxes paid by the residents of the District of Columbia. There are two or three items in this bill that really ought to be increased, and substantially increased. I wish I had the time to discuss all of them, but I have not.

I call particular attention to the appropriation provided in this bill for the operation, maintenance, and improvement of the reformatory and the workhouse at Lorton, Va., which is situated in my district. The appropriation for the maintenance of that institution has been very drastically cut in many particulars.

I call attention to the fact that this is a very remarkable institution. I do not know of another one like it in all the country. I venture to say there is not another one like it in the country. It is a penitentiary where are confined all the felons convicted in the District of Columbia and

serving sentences from 1 year up to life, including murderers, robbers, and burglars, and every kind of desperate felon. The remarkable part about this institution is that these people are confined there without walls and without cells. In the face of that remarkable fact the Appropriations Committee proposes this year to reduce so drastically the appropriation for the confinement of these desperate criminals in my district that it will be necessary to discharge 20 percent of the already inadequate force of guards employed there at this time.

Mr. Chairman, it must be conceded that there is no logic in that, there is no saving, and why this should be attempted at this time is something I am at a loss to understand. I venture to say that if that criminal institution was located in the district of some Members of this House in its present inadequately guarded condition and it was proposed to reduce further the safeguards around those prisoners and the safety of the people living in the community where they are confined, there would be a howl that could be heard all the way from Washington to the Rio Grande.

At the proper time I shall offer an amendment to restore the figures that have been cut by the Appropriations Committee so that this place may have at least the number of guards that are there now, and, in this connection, may I point out some facts about the population of the institution? In 1928 there was a total of 1,001 prisoners. In 1934, after 6 years, the population had increased to 1,940, or practically doubled. It is estimated that for 1935 it will be 2,100. I ask leave in the extension of my remarks to insert a table showing the population there and the increase in population.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The table is as follows:

Daily average population and average maintenance cost

	Reformatory	Workhouse	Total	Increase	Per capita cost per annum
Actual:					
1927	304	534	838	0	
1928	335	666	1,001	163	
1929	440	685	1,125	124	\$218.50
1930	580	684	1,264	139	206.80
1931	752	689	1,441	177	202.63
1932	853	725	1,578	137	186.29
1933	1,044	785	1,830	252	166.29
Estimated:					
1934	1,140	800	1,940	110	180.00
1935	1,275	825	2,100	160	180.00

Mr. SMITH of Virginia. Not only does the condition in reference to the inadequacy of guards at this prison exist but there is also another condition which exists, and may I say that I have been before the Appropriations Committee and I have been before the Budget Committee, and on both occasions I had with me the chairman of the Board of Commissioners of the District of Columbia who joined me in each instance in pointing out the very dangerous condition that exists at Lorton by reason of the inadequacy of guards and the inadequate means for confining the prisoners.

In past appropriation bills money has been provided for the commencement and construction of a wall which will enclose about 8 acres of this property wherein may be confined 400 of the most dangerous prisoners that are there and who at any moment may effect their liberty and scatter themselves all over Virginia and the District of Columbia. The construction of this wall has been begun and has proceeded to a very considerable extent. This year the authorities of the institution and the Board of Commissioners of the District of Columbia asked this Congress to appropriate \$360,000 of the money of the people of the District of Columbia in order that this wall and enclosure might be completed and that the necessary buildings to confine these desperate criminals might be completed within the wall.

Mr. GOSS. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Connecticut.

Mr. GOSS. I should like to find out why it is necessary for the Federal Government to spend its money in Virginia for a penitentiary to house criminals from the District of Columbia? Why do we not build a suitable penitentiary in the District of Columbia instead of in the gentleman's district?

Mr. SMITH of Virginia. I do not know. It was there before I came to Congress.

Mr. GOSS. The gentleman does not want it there?

Mr. SMITH of Virginia. I do not want it there unless a fence can be put around it.

This wall has been partly completed, and the Commissioners and I have been before the committee and before the Budget Commission asking for the remainder of this appropriation, which is \$360,000, to have the project completed. I will offer an amendment at the proper time to include such figure in this bill.

We have heard a good deal of talk this evening on the subject of reduction of taxes in the District of Columbia. I do not see why there should be any discussion of it in general debate. Last year the committee offered a legislative rider fixing the tax rate at \$1.70.

I made a point of order against it at that time and it went out, quite properly, and I have no doubt a point of order is going to be made against this legislative rider on this bill, and it will go out. So it is not a proper subject of debate, but when it does go out there will then be an additional revenue of something like three and a half million dollars which may properly and economically be expended for these things in the District of Columbia which are so vitally necessary.

There is one other item I would like to talk about for just a moment in connection with the maintenance of these prisoners at Lorton. The appropriation for the feeding and clothing of these prisoners has been drastically reduced. Of course, we all know that the cost of food this year is going to be higher than the cost of food last year, and this bill contains a provision which will prevent the transfer of funds from one department of the District of Columbia to take care of deficiencies in another department, and unless an adequate amount is provided for the feeding and clothing of these prisoners I do not know where they are going to get the necessary money.

I was rather amused to notice in the report on this bill that the committee recognized the fact that the cost of food is higher than it was last year, and put a provision in the bill that for the feeding of monkeys at the Zoo there shall be an increased appropriation, but for the feeding of prisoners at the Lorton Reformatory there is a reduction in the appropriation. I respectfully submit that if it will cost more to feed monkeys next year than it has cost to feed them this last year, it is also going to cost more to feed the prisoners than it cost last year.

There are two or three other items I should have liked to have time to talk about, but I was unable to secure the necessary time.

There is a Farmers' Market in the District of Columbia for which this Congress appropriated \$300,000 for the purchase of land and buildings. Most of it was used in the purchase of the land. The idea of this market is just what a great many of us Members have been trying to get at for a good many years, and that is to arrange it so that the farmer who raises produce may bring it to the city himself and sell it direct to the consumer without the intervention of the middleman, who takes all the profit.

This is a very fine theory and is a very fine thing to do, but what happened in the District of Columbia was that after the appropriation was made and the land purchased, for several years now it has been in such a position that adequate use cannot be made of it because of lack of proper buildings on the site. I went to the Budget Director and to the Appropriations Committee about this matter, and had with me there the Commissioners of the District of Columbia, who recognized the desirability of this appropriation, and all we asked for this project was \$22,000 so that we could build a roof over the heads of these farmers who

come here to sell their produce, and the housewives of the District of Columbia who come to buy. The situation there at the present time is that this ground is in such condition that these men have to hold an umbrella over their heads and the site is covered with mud, and their produce cannot be properly marketed or properly displayed.

I am going to ask the House to appropriate in this bill the sum of \$22,000, so that this \$300,000 which you have already invested may be made useful. I am sure the Members of the House who, like myself, believe that one of the solutions of our great economic problem with respect to the farmer is that he may get his produce direct to the consumer without the intervention of a middleman, will agree with me that this mere pittance of \$22,000, to be paid by the taxpayers of the District of Columbia, may quite properly be included in this bill.

I want to call the attention of the Committee to an appropriation which also has the approval of the Commissioners of the District of Columbia, which they have asked for, and which we have asked the Budget Director to send down, an appropriation of \$10,000 to make the preliminary surveys for the much-needed construction of a new Chain Bridge at Great Falls.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein certain tables referred to by me.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. JACOBSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, I ask unanimous consent to revise my remarks and include therein a letter from Mr. John P. Scully, State relief administrator of Massachusetts.

The CHAIRMAN. Without objection, it is so ordered.

Mr. HEALEY. Mr. Chairman, I believe that shortly the President will ask for an appropriation for the continuation of the C.C.C. camps in the United States—at least for another year. I feel that this will meet with little or no opposition, because Members of Congress, as well as countless thousands throughout our Nation, have now come to the realization of the very beneficial influence of these camps upon the youth of our Nation. This social undertaking has been tried and tested, and I believe it is now a matter of almost universal agreement that it is one of the brightest chapters of the recovery program.

Perhaps the most terrible effects of the depression have been felt by the youth of this Nation. Those young men who had not yet reached or had just passed the age of full maturity suffered, as helpless victims, the most severe ravages of this collapse of our economic structure. Countless thousands of these young men saw their expectations of a proper schooling and education brought to a premature and untimely end. Countless other thousands, who had just left behind them the shelter of their alma maters, found themselves thrust into a hostile and unkind world. Fresh from the classroom and the athletic field, they found themselves hopelessly handicapped in the quest of employment. For of what avail was the education they had gained against the training, experience, and maturer years of others in quest of employment?

Shut off entirely from welfare aid—in most instances entirely shut out of even the possibility of employment by the fact that first preferences for the all too few opportunities of employment was quite properly given to married men—it was indeed a situation to demoralize even men of more mature years and less plastic and impressionable minds. Where there should have been the faith, hope, and enthusiasm of youth there was only bitterness and discouragement, and the minds of the future citizens of our Nation were being set in a cast of utter demoralization and cynicism.

This was surely a sorry and direful condition, fraught with the possibilities of grave and most serious consequences, not alone to the future of these many thousands of young men but also to the future of our Nation itself. Faced with this

devastating scourge, our great humanitarian President conceived this plan whereby many of these young men might not only engage in gainful and useful occupations but also might continue their educations and contribute to the support of their needy families. This Congress, although there were many rumblings of impeded criticism, passed with an overwhelming vote this far-visioned plan of the President.

Today the brilliant success of this plan is almost universally conceded. However, because it has operated so effectively and successfully it has operated quietly, and has, to a great degree, escaped the commendatory notice it so rightfully deserves. If there are no objections, I shall insert into the RECORD this letter recently received from Mr. John T. Scully, State Relief Administrator of Massachusetts, quoting from a letter sent to the President by his very capable assistant, Mrs. Lauretta C. Bresnahan. This letter sets forth more eloquently than I could the wonderful results brought about by the Civilian Conservation Corps.

FEDERAL EMERGENCY RELIEF ADMINISTRATION
OF MASSACHUSETTS,
Boston, March 8, 1934.

HON. ARTHUR D. HEALEY,

House of Representatives, Washington, D.C.

DEAR CONGRESSMAN HEALEY: It has been my good fortune to have had the experience of placing 5,200 boys in Civilian Conservation Corps camps since October 1, 1933, and I have seen and talked with a number of these boys who have returned from camp.

The happiness of the parents of these boys and the financial assistance given to them, together with the physical improvement of the boys, is the greatest argument I know of for the continuance and extension of this C.C.C. work.

The lady who assisted me admirably in this work of enrollment, Mrs. Lauretta C. Bresnahan, wrote to the President on December 21, 1933, and I have asked her to let me use a part of her letter, because I think it expresses my views better than I could do so myself.

"I wonder if you realize the wonderful thing you have done for the youth of our country. Imagine these thousands of young boys, many of them just out of high school, with plans made to enter college or secure some position to make a living for themselves, and then to have this terrible depression come on us, and nothing for them to do but hang around. No wonder the mothers were frantic with worry and fear for their boys and the terrible temptations they were exposed to. No one but a mother or father can really realize the danger of idle hands and too much leisure. It needs no stretch of the imagination to realize what great joy you have brought into the homes of these boys when you established these camps. Then, again, there is the financial help they were able to give their parents. Many of the boys' checks have gone for the rent, for doctors' bills for the mother or father, for coal, and even in some cases I have known of some of the families who have kept off the welfare by the money these boys earn. The beauty of the whole scheme is that these boys are really earning the money, for I am given to understand that they are doing work as well as any man, and work that will be of lasting benefit to the country.

"Day after day I receive messages from the parents of how the boys like the camp, what wonderful letters they are writing home, how they are gaining weight, how they like the work, etc.

"I wonder if you know that a goodly number of young fellows and girls were getting married so that they would be eligible for the welfare aid. This seems terrible to me. Imagine starting married life under those conditions. What a calamity. The C.C.C. camps aided in putting a stop to all that.

"I have been intending to visit one of the camps in Massachusetts for the last 2 months, but I did not get an opportunity to do so until a week ago last Sunday, and I certainly picked a cold day. It was zero weather, but I felt I would like to see one of the camps before I wrote you. I was delighted with the camp. The commanding officer took me all through. In the recreation room one of the boys was tuning in on the radio, another group were around the piano, several boys were at the billiard table, others were reading, and they were so nice and warm and comfortable that you would never suspect that the wind was howling around the barracks.

"In the sleeping quarters some of the boys were resting, others just sitting around. In the mess hall the tables were all set for supper. They had a lovely supper ready. It looked so tempting I was sorry I could not accept their pressing invitation to stay and join them. The boys told me they could not have better meals at home. Everything was nice and clean. The cook took me into the kitchen and the storeroom.

"Next I visited the infirmary. Two of the boys were in bed with a cold, and another chap was getting his leg rubbed.

"I have discovered that the whole secret of the success of the camps lies with the commanding officers. Some I know have caught the spirit of your idea in establishing these camps, others have not, and therefore the boys in their camps are probably not so contented.

"I have had many of the boys who left camp ask if they could not possibly get back. Boys who have deserted. I have

found from my observations that many of the boys left shortly after entering the camps and I can understand what was the matter. These boys were inoculated three times, and it made many of them feel sick and they felt so mean and homesick that no matter what happened they must get home. Since coming home they realize what they have missed and are anxious to go back. I hope we will be able to return them some day.

"As for what the camps are doing for the boys themselves, that is to me the most wonderful thing. The boys come in to enroll looking pale and discouraged and with that terrible look on their young faces which plainly says, 'Oh, what's the use?' A few weeks later these same boys drop into the office accompanied by a number of their pals, who, after hearing of the glories of the camp life, are anxious to see if they can enroll. What a change in the boys—bright of eye, happy looking, warmly clothed, and full of stories of the camp life, and, of course, I have to see the muscle they have developed. They will not be afraid of work when they finish at the camps. Some of them already feel they will be able to go out and get jobs at the work they are now doing. What a joy to the mothers to see this change in their boys.

"So much for the boys who were lucky enough to get into the camps; but what are we going to do for the hundreds of boys who are coming in here day after day or going to their town officials asking to be enrolled? I have on hand hundreds of names of boys who have come into the office or whose parents have written us asking for an opportunity to go to camp. Then I daily receive letters from the various cities and towns asking if there will be any further openings for the boys. You see, there are so many married men out of work that the C.W.A. seems to have no place for the younger men, and the C.C.C. camps are their only hope. I do hope that you will open more camps the first of the year so we can place these young fellows.

"There is another group of men who seem to be rather forgotten, and they feel it, too. The man who is over 25 and unmarried. He also seems to have great difficulty in getting work. Would it be possible to have a camp where these men could go and work?"

If the opportunity presents itself, I hope that you will look with favor upon any measure to extend the work of the Civilian Conservation Corps.

Respectfully yours,

JOHN T. SCULLY,

Director Federal Emergency Relief Administration.

Mr. JACOBSEN. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. HASTINGS].

AN ANALYSIS OF THE FRAZIER BILL

Mr. HASTINGS. Mr. Chairman, the bill introduced by Senator FRAZIER (S. 457) and the companion bill introduced in the House (H.R. 2855) have received much publicity throughout the country and particularly among farmers whom the bill is designed to assist.

I was born and reared on a farm and lived there until I was grown. I have owned much farm land all of my life. I make this statement in order to qualify my interest and sympathy for the farmers of my country. Since I came to Congress I have joined in every sound effort which I thought would be for the benefit of the farmers of the country.

In 1916 I cooperated with those charged with the responsibility of preparing and reporting the first good-roads bill. While this bill was of great benefit to everyone, whether they lived in the city or the country, it was of first importance to the farmers throughout the country, because it connected up every rural community with a marketing center and reduced the cost of marketing farm products.

One of the first speeches I made in Congress was in support of extension of rural mail service so as to give the farmers the same facilities as are enjoyed by those living in cities and towns. As a result of the joint efforts of those interested in the extension of this service, the appropriations for rural mail have been more than doubled in the past 20 years, and the amount carried in the present Post Office appropriation bill for that purpose for the next fiscal year amounts to \$82,902,500.

During my first term in Congress I had the privilege of serving on the Banking and Currency Committee of the House, and shared the responsibility of preparing, reporting, and enacting the first rural credit bill approved July 17, 1916. Under this bill the Federal land banks were created and loans authorized to be made to the farmers of the country at low rates of interest, payable upon the amortization plan. I have always insisted that if section 15 of this act were amended so as to authorize loans to be made direct to farmers rather than their making application through local loan associations, it was one of the most constructive pieces

of legislation for the benefit of farmers ever enacted by Congress. Amendments have been made from time to time, and authority under certain contingencies has been granted to make these loans direct through legislation enacted by the present Congress.

Under this act 12 Federal land banks have been established and loans aggregating \$2,383,369,267.03 have been made to farmers up to April 16, 1934. Under legislation enacted during the last Congress the interest on Federal farm land bank bonds was guaranteed and under more recent legislation during the present Congress the principal to the amount of \$2,000,000,000, as well as the interest, has been authorized to be guaranteed by the Government, which will result in reducing the rate of interest which Federal farm land bank bonds will bear, and the rate of interest which farmers will have to pay upon their loans. Authority is granted to exchange these bonds for outstanding mortgages and $3\frac{1}{4}$ percent guaranteed Federal land bank bonds are being readily accepted in exchange for outstanding farm mortgages.

The Farm Credit Administration reports that approximately \$1,100,000,000 was loaned by all institutions under the Farm Credit Administration from May 1, 1933, through April 13, 1934. This includes all loans through the Federal land banks and other agencies authorized to extend credit to farmers, which aggregated more than \$640,000,000. In connection with the making of loans by the Federal land banks, Congress authorized an emergency appropriation of \$200,000,000 to take care of distressed or foreclosed mortgages or where the mortgages were in process of foreclosure.

In addition credits are being extended through agricultural short term and intermediate associations which include livestock. It will thus be seen that every form of credit is being extended to the farmers of the country both upon real estate and on livestock and agricultural products.

Recently Congress enacted legislation to extend crop-production loans to farmers authorizing the sum of \$40,000,000 to be made available for that purpose. This was for the purpose of aiding the farmers who are in such distressed condition financially that they are unable to finance themselves through the present crop year. Other legislation, including other forms of credit, have been authorized to be extended to farmers and I make this review of this legislation for the purpose of showing that the farmers of the country are under active consideration and are not discriminated against by the present administration.

In this connection I might add that the Home Owners' Loan Corporation was created during the last session of Congress and at the present session, as in the case of bonds of the Federal land banks, the principal of the bonds, to the extent of \$2,000,000,000, as well as the interest, of Home Owners' Loan Corporation bonds is guaranteed by the Government, which makes them readily exchangeable for real-estate mortgages held against those who live in cities and towns.

With this review of legislation enacted for the benefit of the farmers I come to an analysis of the so-called "Frazier bill" (S. 457) to liquidate and refinance agricultural indebtedness of the farmers. The bill in substance authorizes the refinancing and liquidation of mortgages at $1\frac{1}{2}$ percent interest and $1\frac{1}{2}$ percent paid annually upon the amortization plan applied to the reduction of the principal, and 3 percent interest on livestock.

Section 3 authorizes the Farm Loan Board to make farm loans secured by first mortgages on farms to an amount equal to the fair value of the farms and 50 percent of the value of insurable buildings and improvements thereon through the Federal land banks and national farm-loan associations and to make all necessary rules and regulations for carrying out the provisions of the act. The Farm Loan Board is authorized to refinance and take up chattel mortgages at the rate of 3 percent per annum to an amount equal to 65 percent of the market value thereof, and such loans are to be made for 1 year and are renewable from year to year.

The funds with which to liquidate and refinance these mortgages, both upon real-estate and chattel mortgages, is provided by issuing farm-loan bonds bearing interest at the rate of $1\frac{1}{2}$ percent where secured by mortgages on farms and 3 percent when secured by chattel mortgages on livestock. Authority is granted the Farm Loan Board to sell these bonds at par to any individual or corporation or to any State, national, or Federal Reserve bank, or to the Treasurer of the United States. Finally, it is made the duty of the Federal Reserve banks to invest their available surplus and net profits in such farm-loan bonds.

In the event farm-loan bonds are not readily purchased the Farm Loan Board is directed to present the remainder to the Federal Reserve Board, and the Board is authorized to deliver to the Federal Farm Loan Board Federal Reserve notes to the amount equal to the par value of such bonds presented to it. Such farm-loan bonds are to be held by the Federal Reserve Board as security in lieu of any other security reserved.

The bill authorizes the creation of a Board of Agriculture consisting of one member from each State, elected by the mortgage farmers of the State at a mass convention of the farmers called for that purpose. From this board an executive committee is to be appointed.

The bill contemplates the supervision and cooperation of the Board of Agriculture, consisting of one member from each State, acting through the executive committee in administering the provisions of the act including the appraisements of the property offered as security for loans. This would result in the making of loans from funds made available by the Government through representatives of the mortgagees themselves, which I am sure, upon reflection, no one with good business judgment would endorse as being fundamentally sound.

As I have already stated, no one is in deeper sympathy with legislation for the benefit of the farmers. This bill has not been considered or reported by any committee. It is new and far-reaching and not only the bill, but its details, should receive the most careful consideration of a committee. Legislation of this character, as everyone with experience in Congress knows, cannot be perfected on the floor. As I have already stated, there has been a vast amount of legislation enacted for the benefit of the farmers, and amendments may be offered on the floor which are in conflict with and would nullify the legislation previously enacted.

The following criticisms have been made against the bill. First it is urged that the rate of interest— $1\frac{1}{2}$ percent per annum and $1\frac{1}{2}$ percent per annum applied to the reduction of the principal—should be increased to the amount that the Government is required to pay on its outstanding obligations and now averages around $3\frac{1}{4}$ percent per annum. In the event the farmers of the country are given the same credit advantages as industry or other classes of citizens, without discrimination, I feel sure they will be content.

The second criticism, which is very serious, is that loans are authorized to be made to the full amount of the fair value of the land and 50 percent of the value of the insurable buildings and improvements. It is urged that in the event this bill is enacted immediately all marginal lands throughout the entire United States, through the mortgage process, will be sold to the Government. Everybody appreciates, of course, that no individual, insurance company, or mortgage company would hazard loans on farm lands up to the full face value. They would be in receiverships within a short time. This is one of the reasons why a bill of this character should receive the earnest detailed consideration of the Committee on Agriculture. Information should be secured from the Department of Agriculture as to the extent of farm loans, estimated now to be around \$9,000,000,000 secured by real-estate mortgages, and in addition to approximately \$4,000,000,000 of other indebtedness.

Every Member of Congress knows that the Frazier bill has no chance to be enacted during the present session of Congress. The President has indicated that he is unalterably opposed to it, and if it passes the House it does not stand

any chance of enactment in the Senate. If it has a chance of being enacted in the Senate, why has not the Agricultural Committee of the Senate reported the bill and why has the bill not been considered? It was first introduced March 13, 1933, more than a year ago. Everyone knows, therefore, that an effort to secure consideration of the bill at this time is an idle gesture.

For the reasons I have given and for the additional reason that the consideration of this bill by the House might endanger consideration of other legislation in behalf of the farmers, I think that we should go as far as we can by amending the present Federal Farm Loan Act so as to make loans up to the amount of 66⅔ percent of the appraised value of the land and up to 40 percent of the value of the permanent insured improvements. I think the interest rate should then be reduced, as the law provides, so that the farmers may have to pay no more than the Government has to pay for the money, which rate fluctuates, as everyone knows, and may be as low as 3 percent.

I favor making it entirely optional as to how applications for loans may be made. I have always contended that local loan associations serve no useful purpose, and that loans should be permitted, as is now the case under certain conditions, to be made direct. If local loan associations were abolished, and all loans made direct, action would be expedited, which would increase the volume of business of the land banks, and proportionately reduce the expense of making these loans. I favor perfecting the present legislation in every way, but I feel sure there is no chance of passing the Frazier bill which would reduce the interest rate to 1½ percent and loan up to the full value of the farm lands. No one in my State would make such a loan. If he did, he would be bankrupt in 6 months. The Government should not be asked to do more than an individual would do. The Government should lend its credit at the lowest rate of interest it can borrow the money for, but, I repeat, if this bill were passed it would result in every farmer who owns marginal and other low-class lands making a mortgage to the Government, and through such a mortgage sell his land to the Government.

No man in Congress has more consistently voted for sound legislation for the farmers than I have. I do not want, for political purposes, to vote an idle gesture which I know will merit a veto and which will endanger the enactment of other legislation beneficial to the farmers.

I do not fear inflation of the currency through the issuance of Federal Reserve notes, as provided in the bill. The additional money issued would be beneficial. However, the Government cannot borrow, except temporarily, at 1½-percent interest. There is no man in the country who can successfully defend the three propositions in the Frazier bill:

First, the making of farm loans at 1½-percent interest, when the Government cannot borrow money on long-term obligations for less than 3¼-percent interest;

Second, the loaning up to the full fair value of the farm lands, which would result in all the low-grade lands being sold to the Government through the mortgage route; and

Third, the creation of a board which is to exercise control over the administration of the bill to the extent of providing for the amount of the appraisals of the lands.

No man of experience who analyzes the bill, for the reasons above given, will endorse it without it being considered and perfected through committee amendments, and believing that it endangers the consideration of other legislation in the interest of the farmers, I prefer to make every effort to secure more liberal legislation for the farmers, within our reach, rather than to make an idle gesture and fight a sham battle which I know will be of no benefit to them.

Mr. JACOBSEN. Mr. Chairman, I yield to the gentleman from Texas [Mr. McFARLANE].

THE HOUSE SHOULD CONCUR IN THE SENATE AMENDMENTS TO THE INTERNAL REVENUE TAX BILL

Mr. McFARLANE. Mr. Chairman, I desire to call to the attention of the House at this time some of the amendments placed on the revenue bill recently passed by the House. I

am in hearty accord with each of the amendments placed on this bill by the Senate and feel that each amendment greatly improves this measure from the standpoint of the rights of the masses of the people.

CONSOLIDATED RETURNS

The Revenue Act of 1918, as passed by the House, prohibits the filing of consolidated returns. As amended in the Senate this bill provided for filing consolidated returns. However, section 240 of the law required all corporations having Government contracts to file separate returns and to pay taxes upon said contract. The law requiring the filing of separate returns upon a Government contract was omitted from the 1921 Revenue Act and all subsequent revenue bills. The revenue bill of 1928, as passed by the House, denied the right to file consolidated returns but this provision was eliminated in the Senate during the consideration of this revenue bill of 1932. A compromise was effected resulting in the levying of additional tax of three fourths of 1 percent on the consolidated net income. This additional tax was increased to 1 percent by the National Industrial Recovery Act.

The subcommittee of the House Ways and Means Committee this session in studying this question said:

Your subcommittee recommends that this permission be withdrawn.

There is no denying that the right to file consolidated returns by the large holding companies gives them many great advantages over their small independent competitors. Practically all tax experts agree that this advantage will amount to anywhere from \$50,000,000 to \$300,000,000 during a year. This places the small corporation and independent merchants at a great disadvantage in trying to compete with their large chain-store competitors. Under this law the losses incurred by the large chain stores through their subsidiaries in localities where competition is very keen may be offset through the filing of consolidated returns. Most of these large chain stores which head up through holding corporations are chartered in Delaware and other States permitting very liberal or wide-open provisions in carrying on their business, and under this law we find the following provision:

In the case of a corporation the amount received as dividends from a domestic corporation is subject to taxation under this title. * * *

Under this provision these corporations are exempt from paying taxes on income derived from dividends upon all stock held in other corporations and in this way millions of dollars are distributed by these concerns and escape taxation. The small tax of 1 percent placed by this bill upon those corporations filing consolidated returns is nothing like a sufficient amount to require of them as compensation for the rights given. According to the experts this tax could be raised to 4 percent and still the advantages would be so great in favor of the holding companies that the ruthless mergers and consolidations being forced by them will continue in increasing numbers and the independents would continue to be put out of business. The right to file consolidated returns is especially felt in depression years for the effect is to allow the loss of one corporation to reduce the net income and tax of another, and during a depression more losses occur.

Another result is to postpone the payment of the tax. This is because there is no profit recognized for tax purposes on intercompany transactions, and profits on a product on the consolidated group passing through the hands of different members of the group are not taxed until the produce is disposed of to persons outside of the group.

Prior to the amendments last year a corporation could carry forward a net loss from year to year, thus the consolidated group would not have this advantage; however, since this right has been repealed, the advantage of filing consolidated returns is now much greater on a comparative basis. I insert at this point some information furnished me by experts, as follows:

The following data have been compiled from the statistics of income prepared by the Bureau of Internal Revenue, Treasury Department, and show the relationship in income and other per-

tinant information of consolidated groups in comparison with that of separate corporations:

STATUTORY NET INCOME			
Year	Separate returns	Consolidated returns	Total
1928	\$3,722,243,039	\$4,493,373,870	\$8,226,616,909
1929	3,523,269,238	5,216,487,429	8,739,757,767
1930	¹ (307,107,855)	1,858,325,711	1,551,217,856

DIVIDENDS RECEIVED BY CORPORATIONS OTHER THAN FROM SUBSIDIARIES			
Year	Separate returns	Consolidated returns	Total
1928	\$727,727,130	\$1,188,843,556	\$1,916,670,686
1929	886,857,444	1,706,194,651	2,593,052,095
1930	980,785,210	1,590,445,551	2,571,230,761

TAXES PAID			
Year	Separate returns	Consolidated returns	Total
1928	\$592,759,843	\$591,382,299	\$1,184,142,142
1929	562,061,099	631,374,733	1,193,435,832
1930	313,419,705	398,284,195	711,703,900
1931	182,446,333	216,547,370	398,993,703

¹ Net loss.

CONSOLIDATED RETURNS			
Year	Number of returns	Number reporting net income	Percent reporting net income
1928	9,300	5,870	63.12
1929	8,754	5,408	61.78
1930	8,951	4,067	45.44
1931	8,495	2,698	31.80

SEPARATE RETURNS (CORPORATIONS)			
Year	Number of returns	Number reporting net income	Percent reporting net income
1928	486,592	262,913	54.03
1929	500,682	264,022	52.73
1930	509,785	217,353	42.44
1931	507,909	173,200	34.10

CONSOLIDATED RETURNS			
Number of subsidiary corporations per group	Number of groups		
	1929	1930	1931
1	4,375	4,645	4,506
2	1,318	1,460	1,399
3	687	761	722
4	349	385	385
5	253	248	259
Over 5 and not over 10	499	561	572
Over 10 and not over 20	65	280	279
Over 20 and not over 50	129	130	148
Over 50 and not over 100	41	49	39
Over 100 and not over 200	9	14	11
Over 200	1	4	6
Corporations reporting no net income not listed (estimated 3 subsidiaries each)	828	433	78
Total	30,112	32,209	31,307
Number of parent companies (returns)	8,754	8,951	8,495

Year	Number of corporations making returns	Number of corporations included in consolidated returns	Number of corporations included in separate returns	Percent making consolidated returns	Percent making separate returns	Total percent
1928	495,892	132,085	463,807	6.4	93.6	100
1929	509,433	30,112	479,321	5.9	94.1	100
1930	518,735	32,209	486,527	6.2	93.8	100
1931	516,404	31,307	485,097	6.0	94.0	100

¹ Estimated.

	1928		1929		1930	
	Separate corporation	Consolidated	Separate corporation	Consolidated	Separate corporation	Consolidated
Percent of sales to total sales for all corporations	60.6	39.4	57.19	42.81	54.59	45.41
Percent gross profit to gross sales	21.55	23.67	21.87	24.23	20.62	23.13
Percent statutory net revenue to gross profit	4.29	6.54	4.04	7.37	¹ .4	2.89
Percent depreciation claimed to total for all corporations	55.96	54.04	53.67	56.33	41.19	58.81
Percent depletion claimed to total for all corporations	33.63	66.34	33.60	66.40	30.64	69.36
Percent of bad debts to total bad debts for all corporations	73.19	26.81	72.68	27.32	70.47	29.53
Percent of statutory net income to total statutory net income for all corporations	45.39	54.61	40.32	59.68	¹ 19.79	119.79

¹ Net loss.

The foregoing statistics disclose some very interesting phases of the operations of consolidated corporations. While approximately 6 percent of all the corporations of the country are in the consolidated group, more than one half of the business transacted by all the corporations of the country was done by consolidated corporations. The percentage of profit made upon gross sales is also very interesting. It is to be noted that the percentage of gross profit made by consolidated corporations upon their gross sales is between 2 percent and 2½ percent in excess of the gross profit made by separate corporations. While Bureau statistics of income do not afford sufficient data to permit of a computation of the net profit from operations, it is a well-known fact that many industries realize a net income from operations of only 2 to 3 percent of their gross sales. It can thus be seen that the margin of advantage enjoyed by the consolidated group is sufficient to put its competitors (single corporations) out of business. The excess percentages of gross profit realized by the consolidated group is also reflected in a like result in their statutory net income.

For example, the percentage of gross profit of the consolidated group for 1928 was 23.67 percent, and of separate corporations, 21.55 percent, or an advantage of 2.12 percent. While the percentage of statutory net income of the consolidated groups was 6.54 percent, separate corporations realized only 4.29 percent, thus giving the consolidated group an advantage of 2.25 percent. The percentages of advantage enjoyed by the consolidated groups for 1929 and 1930 were as follows: Gross profit (1929), 2.36 percent, (1930), 2.51 percent; statutory net income (1929), 3.33 percent, (1930), 3.29 percent.

The advantages enjoyed by the consolidated groups are translated into totals by comparison of the total net profit and the total sales of consolidated groups with similar figures for separate corporations. While consolidated corporations for 1930 transacted less than 40 percent of the business of all corporations, the statutory net income of this group was 54.61 percent. For the year 1929 the total business was 42.81 percent of the business done by all corporations, yet the statutory net income was 59.68 percent of the total statutory net income of all corporations. For 1930 it should be noted that separate corporations sustained a total statutory net loss of \$307,107,855, whereas consolidated corporations realized a statutory net income of \$1,858,325,711.

There are those who will contend that the excess margin of profit realized by consolidated groups is due to unity of control and management, thereby resulting in elimination of waste and inefficiency. There are other factors, however, which enable them to realize greater profits than separate corporations. Many of the consolidated groups constitute practically a monopoly in their trade territory, and are therefore able to demand much higher prices for their products. Other groups by reason of the larger resources at their command are liable to undersell their competitors, thus bringing about a condition that enables them to purchase the small competitive concerns at bankrupt prices after which the purchaser raises his product to normal levels.

Thus it may be seen from the above information some of the tremendous advantages gained through the filing of consolidated returns by these large holding corporations. By a vote of 58 to 19 another body refused to reconsider the question of striking out the right to file consolidated returns.

On April 9 I called the attention of the House to the results of the study I have made of the income-tax returns of the different aircraft concerns selling the Government supplies, and I found that five of these holding corporations have deprived the Government of \$2,046,967.28 because of this law permitting these large holding corporations to file consolidated returns, as follows:

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
Bendix Aviation Corporation:				
1929	\$388,298.43	\$429,949.83	\$41,645.40	
1930	103,264.18	339,183.00	235,918.82	
1931	None	281,433.30	281,433.30	
1932	None	66,865.97	66,865.97	
Total				\$625,863.49
Curtiss-Wright Corporation:				
1930	None	51,815.90	51,815.90	
1931	None	None		
1932	None	49,893.41	49,893.41	
Total				101,709.31
North American Aviation, Inc.:				
None consolidated:				
1928	798.90	798.90		
1929	148,074.20	148,074.20		
Consolidated:				
1930	115,119.54	184,949.86	69,830.32	
1931	None	68,330.37	68,330.37	
1932	None	12,820.06	12,820.06	
Total				150,980.75

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
United Aircraft & Transport Corporation:				
1929	1,027,501.56	\$1,069,436.39	\$41,943.83	
1930	378,866.32	678,326.71	299,460.39	
1931	262,282.32	608,212.54	345,930.22	
1932	315,105.84	482,730.69	167,624.85	
Total				\$854,959.29
Aviation Corporation:				
1929	None	142,645.36	142,645.36	
1930	None	99,144.96	99,144.96	
1931	None	71,664.12	71,664.12	
Total				313,454.44
Total loss of revenue to Government due to companies having Government contracts filing consolidated income-tax returns (the 1918 law required separate return and payment of tax on all Government contracts)				2,046,967.28

You will note that the above chart does not include complete information on these different companies for the years covered, which indicates that these concerns have saved much more than indicated in the above chart. In the interest of fairness to all taxpayers alike, we should go on record in favor of instructing the conferees of the House to concur in this Senate amendment.

PUBLICITY FOR TAX RETURNS

This question of publicity of income-tax returns has been debated at great length during the past several sessions. It has been called to our attention that in many instances employees and chiefs of bureaus in the Department of Internal Revenue have made rules as to one particular corporation which they refuse to apply to another corporation or other corporations and have in this way shown favoritism, which certainly merits the most serious consideration of this Congress, and publicity should be given to the mode and manner of filing and passing upon all income-tax returns and all transactions concerning them. There is no doubt but what publicity for income-tax returns would cause the payment of millions of dollars additional taxes into the Treasury because of fraud, collusion, and the covering up now being practiced in the filing of such returns. In Texas, as well as all other States I know of, all tax renditions are public, and I am sure that the people would rise up in their might and demand that they be continued to be open to the public should anyone try to keep such information secret.

For the past several sessions another body has repeatedly voted to require publicity for income-tax returns, and the House has modified these amendments, in effect eliminating this provision.

Rules and regulations could easily be drawn by the Secretary of the Treasury permitting the examination of income-tax returns, and the House should concur in the Senate amendment bringing about this result. [Applause.]

Mr. JACOBSEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SEARS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 9061, the District of Columbia appropriation bill, and had come to no resolution thereon.

RICHARD A. CHAVIS

Mr. HILL of Alabama. Mr. Speaker, I present a conference report upon the bill H.R. 2032 (Rept. No. 1274), for the relief of Richard A. Chavis, for printing under the rule.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H.Con.Res. 36. Rescinding the action of the Vice President and the Speaker of the House in signing the enrolled bill H.R. 3521, and amending same.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 828) to authorize boxing in the District of Columbia, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 2084) granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes.

J. E. POPE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

NATIONAL OLD AGE PENSION ASSOCIATION

Mr. PATMAN. February 10, 1934, I made a speech in the House in which I disclosed that the man, J. E. Pope, the head of the National Old Age Pension Association has spent a lifetime in the business of defrauding innocent people who were in distress. He started out in Houston, Tex., in 1904 with a scheme to defraud distressed home owners; then in 1917-18, unemployed; then in 1922-24, innocent widows in an oil fraud scheme and from that to others as recent as 1929. The Committee on Labor has been investigating his activities but has not made a report. I testified before that committee and showed that during the last 30 years this man who signs his name as "Dr. J. E. Pope" is not a doctor; that he has been convicted of about 15 counts in 30 years for using the mails to defraud; that the scheme he is now using is not in the interest of old-age pensions but in the interest of Pope, just another fraudulent scheme.

FRAUD ORDER CITATION ISSUED

In this recent scheme of his, which I exposed in February, he has been taking in from \$600 to \$900 a day. Since the Committee on Labor had not made a report and nothing further was being done to stop him, I requested the Solicitor General of the Postoffice Department to issue a fraud order against him and prohibit him from using the mails. The Solicitor General agreed to issue a citation to him to show cause why a fraud order should not issue, provided I would furnish the evidence at the hearing, which I agreed to do. The citation was issued April 6, 1934, to show cause on April 18, 1934, why the fraud order should not be issued. I was ready, today, the 18th, to furnish the proof, but Pope filed with the Solicitor General the following affidavit:

DISTRICT OF COLUMBIA, ss:

The undersigned, J. E. Pope, being first duly sworn, says:

That he is the organizer and responsible head of the National Old Age Pension Association and Dr. J. E. Pope, national chairman, of Washington, D.C., which concern and party were called upon on April 6, 1934, by the Solicitor of the Post Office Department to show cause on April 19, 1934, why a fraud order should not be issued against those names, and that affiant has full authority to bind the said concern by this stipulation;

That in order to preclude the necessity for the said Solicitor to give further consideration at this time to the question of the issuance of a fraud order, affiant hereby voluntarily stipulates that the said National Old Age Pension Association, its successors and assigns, and/or J. E. Pope will not hereafter send out or cause to be sent out, either at Washington or elsewhere, by any means whatsoever, any solicitations or requests for fees or for "membership dues", and will immediately destroy all blanks now on hand containing solicitations for fees or "membership dues"; and further that affiant will promptly write each person who hereafter communicates with affiant respecting said National Old Age Pension Association or respecting fees or "membership dues" therein, instructing all such persons that they shall not seek additional members in said National Old Age Pension Association and that they shall not accept or send to said National Old Age Pension

Association or to affiant any "membership dues", fees, or moneys of any kind whatsoever, advising all such persons that the membership plan of said National Old Age Pension Association, involving the sending in of a dime or of any other sum of money whatsoever, has been absolutely discontinued and abandoned, and that such person shall advise all persons interested not to send any more money whatsoever to the National Old Age Pension Association, to affiant, or to their successors or assigns;

That affiant further voluntarily stipulates that he will not hereafter use the mails in furtherance of any enterprise similar to that heretofore operated by him under the name National Old Age Pension Association;

And affiant further voluntarily stipulates that in the event there should come to the attention of the Post Office Department any evidence showing that he has violated the terms of this stipulation by continuing to solicit fees, "membership dues", or moneys of any kind in furtherance of the said National Old Age Pension Association, its successors, or assigns, the Post Office Department may issue a fraud order against the names so employed without further notice to affiant, the National Old Age Pension Association, or their successors or assigns;

Affiant understands that the filing of this affidavit with the Solicitor of the Post Office Department in no way relieves him of responsibility for any violation of 18 United States Code 338 or 88 that may have been involved in the operation through the mails of the aforesaid National Old Age Pension Association enterprise, but the filing of this affidavit shall not be construed as an admission that said statutes have been violated;

And further affiant saith not.

J. E. POPE.

Subscribed and sworn to before me a notary public in and for the district aforesaid, this 18th day of April 1934.

[SEAL] NEENAH LAUB, Notary Public.

My commission expires September 14, 1938.

STOPPED FROM USING MAILS

This will stop him from using the mails; but what about the money he has collected from old, poor, innocent people all over this Nation in violation of the law? He should be sent to the penitentiary for life. He is a habitual criminal. The Department of Justice should give this case immediate attention and cause his arrest and trial at an early date.

COMMITTEE GAVE CAREFUL CONSIDERATION

The Committee on Labor gave this matter careful consideration; the members of that committee have been very busy and have not had the time to prepare a report. I hope the report is finished at an early date in order that law-enforcement officers may be aided in bringing this man to justice.

NOT A DOCTOR

Every ex-convict in Oklahoma can become a doctor tomorrow morning the same way Pope got to be a doctor. He is what you would call a "self-confessed" foot doctor or toe-nail manicurist. Many of his poor victims believed he was a rich retired physician who wanted to do the old people a favor by advocating legislation in their interest.

SOLICITOR COMMENDED

I want to commend Mr. Karl Crowley, Solicitor of the Post Office Department, for his splendid cooperation in this case. He has performed his duty fairly and impartially, which has resulted in stopping the fraudulent activities of this man.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. TABER. Is this the same person who has been writing us threatening letters?

Mr. PATMAN. He is the same man. I ask unanimous consent to put this affidavit in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

CORRECTION ON A VOTE

Mr. MALONEY of Connecticut. Mr. Speaker, I ask unanimous consent to correct the RECORD and the Journal. In the RECORD of April 16, 1934, on roll call 127, a quorum call, my name does not appear as among those not answering to their names, and on roll call 128 I am recorded as voting "yea", when, as a matter of fact, I was not present. I ask that the RECORD and the Journal be corrected accordingly.

The SPEAKER. Without objection the RECORD and the Journal will be corrected in accordance with the statement of the gentleman from Connecticut.

There was no objection.

VETERAN LEGISLATION—VETOED BY THE PRESIDENT—PASSED OVER THE VETO—WHAT IT IS AND WHAT IT IS NOT

Mr. MOTT. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of veterans' legislation. The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. Mr. Speaker, it has now been nearly a month since we passed over the President's veto the veteran legislation which was the subject of so much debate here and so much discussion throughout the country.

One would think, after all this debate and discussion, that the people generally would know just what this legislation is about. The fact is, however, that newspaper editorials, correspondence with our constituents, and even news articles which we have been receiving for 3 weeks, indicate that the people have been just as much misinformed about this legislation as they were about the Economy Act at the special session.

The legislation on which the President's veto was overridden has been referred to in some of this correspondence, and in these articles and editorials, as everything from the bonus to the restoration of the non-service-connected cases, and it may not be out of place to state again, for the benefit of some of our constituents, just what this legislation is.

The Senate amendments provided for full restoration of service-connected World War disability cases, both those whose service connection appeared on the face of the veteran's war record and those whose service connection had been established by law by competent proof outside the record. The latter were the so-called "presumptive cases." The Senate amendments also provided for the reinstatement of the pension status of veterans of the Spanish War and the restoration of their pensions to the extent of 90 percent of what they were receiving prior to the passage of the Economy Act. The Senate amendments proposed to restore the right of hospitalization to those veterans who were financially unable to pay for their own hospitalization. Restoration of the disability allowance of a limited class of World War emergency officers was also proposed. It provided for reinstatement of the pension rights of widows and children of disabled veterans who have died since the passage of the Economy Act and who would have been entitled to such pensions except for the Economy Act.

The Senate original amendments were not adopted as a whole, but only in part. By a margin of 1 vote, the Taber amendment was substituted, and, after the Senate receded from its original amendments and adopted the Taber amendment, the House concurred.

THE DIFFERENCE BETWEEN THE SENATE AMENDMENTS AND THE TABER AMENDMENT

The difference between the original Senate amendments and the Taber amendment thereto is principally a difference in the amount of restoration. The Taber amendment contained nothing contrary in principle to the original Senate amendments.

The Taber amendment, which is now the law, provides full restoration of service-connected World War disability cases (where the connection is shown by the record), 75 percent restoration for presumptive cases (where the service connection has been established by law as it existed prior to the passage of the Economy Act), and 75 percent restoration of Spanish War veteran pensions. It contains practically the same provisions as to death compensation to widows and dependents and precisely the same provisions as to hospitalization as the original Senate amendments.

No nonservice cases were involved in any of this legislation. In fact there has never been any legislation introduced in Congress for that purpose. And, of course, the payment of the bonus was not involved, either.

The inaccurate statements that have been made in regard to this legislation have not been made through ignorance. They have been made deliberately, for the purpose of misinforming the people, and they are a part of the original propaganda of the National Economy League. The ridiculous statements as to the cost of this legislation are also

propaganda. The total additional cost, according to the official statement of the Veterans' Administration, will be \$83,000,000, and not any of the fanciful figures that have been variously stated in newspaper stories and editorials. These imaginary figures have run all the way from \$125,000,000 to \$250,000,000, and have been repeated continuously and deliberately in the face of the Veterans' Administration's official statement.

Altogether it has been a great victory, a just victory, and a humane victory. It will redound to the benefit not only of the sick, the disabled, and the aged veterans, but to the benefit of their States and their communities and to everyone with whom they come in daily contact. And it will not ruin the country.

The comparatively small increase made necessary by this legislation is not borne by the taxpayers of the several States, as would have been the case had we failed to pass this legislation and had left the States and municipalities to bear the burden of taking care of the sick and disabled who had been cut off and left destitute by the Economy Act.

The expense of all this legislation is borne by the Federal taxpayer alone—those who are prosperous and fortunate enough to be able to pay a Federal income tax and who can afford the luxury of purchasing articles on which import and excise duties are charged.

All Federal expense is paid out of Federal revenue, and all Federal revenue is raised by Federal income, estate, import, and excise taxes, and by nothing else.

In my own State of Oregon the total Federal income tax paid in 1932 was less than \$2,500,000. The Federal revenue received by Oregon that year in World War disability compensation and in pensions to Spanish War and Civil War veterans resident in the State of Oregon was more than \$5,000,000—and this figure did not include any compensation to non-service World War cases. The economy act cut that revenue down 54 percent, resulting in a loss of approximately \$3,000,000. In addition to that, it injured our two great veteran hospitals at Portland and Roseburg by curtailing their staffs and throwing out hundreds of worthy sick and disabled veterans.

The legislation we have passed since the date of the economy act, including the legislation recently passed over the President's veto, restores about 75 percent of this lost Federal revenue to Oregon, and, from a purely economic viewpoint, it benefits every taxpayer in my State, whether he is a veteran or not.

Not one person in one hundred in this country pays a Federal income tax. Not one farmer in one thousand pays such a tax. None of the burden of this legislation rests upon the poor. It is all upon the shoulders of that comparatively small portion of our people who can afford to pay it, and they should consider their contribution to this just cause rather in the nature of a privilege than a burden.

FOREIGN-SERVICE RETIREMENT (H.DOC. NO. 307)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1933, in connection with the Foreign Service retirement and disability system, as required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, April 18, 1934.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 450. An act to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies, in cases where death has been caused by certain contagious diseases; to the Committee on the District of Columbia.

S. 1800. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture; to the Committee on Agriculture.

S. 2641. An act to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 2714. An act to amend section 395 of the Code of Law of the District of Columbia; to the Committee on the District of Columbia.

S. 3013. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; to the Committee on the District of Columbia.

S. 3257. An act to change the designation of Four-and-a-half Street SW. to Fourth Street; to the Committee on the District of Columbia.

S. 3289. An act to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; to the Committee on Coinage, Weights, and Measures.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes;

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes; and

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to undertake certain municipal public works, including regrading and paving streets and sidewalks, installation of sewer and water pipes, bridge construction and replacement, construction of concrete bulkheads, and construction of refuse incinerator, and for such purposes to issue bonds in any sum not exceeding \$103,000;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to construct, reconstruct, replace, and install a water-distribution system, and for such purpose to issue bonds in any sum not exceeding \$40,000; and

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to undertake certain municipal public works, including construction, reconstruction, enlargement, extension, and improvements of its water-supply system; construction of a retaining wall and to backfill behind same to make a permanent street; and construction, reconstruction, enlargement, extension, and improvements to sewers, and for such purposes to issue bonds in any sum not exceeding \$51,000.

ADJOURNMENT

Mr. JACOBSEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock p.m.) the House adjourned until tomorrow, Thursday, April 19, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Thursday, Apr. 19, 10 a.m.)

A hearing will be conducted by subcommittee no. 7 on H.R. 7212, to remove the limitation upon the extension of star routes.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

411. A letter from the vice chairman, Public Utilities Commission of the District of Columbia, transmitting two tabulations, one showing the comparative costs for electricity for residential service in 190 cities and the Washington rate, the other showing comparative cost for manufactured or mixed gas for residential service in 23 cities, rates in each city being applied to the gas supplied at a heating value equivalent to that required in Washington; to the Committee on the District of Columbia.

412. A letter from the Comptroller General of the United States, transmitting, pursuant to the act of February 16, 1889 (25 Stat. 672), a report of papers or documents in the files of the General Accounting Office not needed for the transaction of public business and without permanent value or historical interest; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FORD: Committee on Foreign Affairs. S.J.Res. 83. Joint resolution amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; without amendment (Rept. No. 1269). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1657. An act to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108); with amendment (Rept. No. 1270). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1891. An act to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; without amendment (Rept. No. 1271). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 2754. An act to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; without amendment (Rept. No. 1272). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 9198) limiting the appropriations for the cost of embassies; to the Committee on Foreign Affairs.

By Mrs. KAHN: A bill (H.R. 9199) to increase the strength of the National Guard of California; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 9200) to amend the act of June 10, 1926, entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U.S.C., title 34, Supp. VI, sec. 343); to the Committee on Naval Affairs.

By Mr. KENNEY: A bill (H.R. 9201) to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H.R. 9202) authorizing the Commissioners of the District of Columbia to borrow from the Federal Emergency Administration of Public Works \$20,000,000 for the acquisition, purchase, construction, and development of a tuberculosis hospital in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. AYERS of Montana: A bill (H.R. 9203) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

By Mr. ELLENBOGEN: A bill (H.R. 9204) to give the Federal courts jurisdiction to supervise elections, to appoint deputy marshals, to assist in preventing fraud in elections and disorders at the polls, and for other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, memorializing Congress to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. SNYDER: A bill (H.R. 9205) prescribing tolls to be paid for the use of locks in the Ohio River and its tributaries; to the Committee on Rivers and Harbors.

By Mr. ADAMS: A bill (H.R. 9206) for the relief of the Mutual Savings & Loan Association, Wilmington, Del.; to the Committee on Claims.

By Mr. CALDWELL: A bill (H.R. 9207) granting a pension to Alice A. Clarkson; to the Committee on Pensions.

By Mr. DOCKWEILER: A bill (H.R. 9208) for the relief of Cletus F. Hoban; to the Committee on Claims.

Also, a bill (H.R. 9209) for the relief of John Stiglitz; to the Committee on Military Affairs.

Also, a bill (H.R. 9210) for the relief of William H. Rinehart; to the Committee on Naval Affairs.

Also, a bill (H.R. 9211) for the relief of Josephus P. Rose; to the Committee on Military Affairs.

Also, a bill (H.R. 9212) for the relief of Andrew Campbell; to the Committee on Military Affairs.

By Mr. ELTSE of California: A bill (H.R. 9213) for the relief of Alfred Sorensen; to the Committee on Military Affairs.

By Mr. FISH: A bill (H.R. 9214) for the relief of Lt. Philip Egner; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H.R. 9215) for the relief of Hensley D. Benton; to the Committee on Military Affairs.

By Mr. MORAN: A bill (H.R. 9216) granting a pension to Mary A. Hayes; to the Committee on Invalid Pensions.

By Mr. OLIVER of Alabama: A bill (H.R. 9217) for the relief of J. S. Johnston; to the Committee on Claims.

By Mr. STUBBS: A bill (H.R. 9218) for the relief of Henry William Doerges; to the Committee on Military Affairs.

By Mr. SIMPSON: A bill (H.R. 9219) authorizing the Secretary of War to award a Distinguished Service Medal to W. Lee Lewis; to the Committee on Military Affairs.

By Mr. THURSTON: A bill (H.R. 9220) granting a pension to Alberta Belle Newman; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 9221) to authorize the appointment and retirement of Richmond Pear-

son Hobson in the grade of rear admiral in the Navy; to the Committee on Naval Affairs.

By Mr. WOODRUFF: A bill (H.R. 9222) granting an increase of pension to Eliza A. Sternberg; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3995. By Mr. BERLIN: Petition of 210 members of the Kiski Valley Sportsmen's Association of Westmoreland County, protesting against the enactment of pending bills to regulate commerce in firearms; to the Committee on Interstate and Foreign Commerce.

3996. By Mr. COLLINS of California: Petition signed by R. T. Gorman, William C. Rogers and 500 others, urging modification or repeal of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

3997. By Mr. CULLEN: Petition of the Senate and Assembly of the State of New York, urging Congress to amend the Securities Act of 1933 by eliminating all of its civil liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

3998. By Mr. ELLENBOGEN: Petition from the Thirty-third Congressional District of Pennsylvania containing 1,535 names, stating that they believe that the policy of the Post Office Department in curtailing service at the expense of increased unemployment is directly contradictory to the Government's reemployment drive, and a petition from New Castle, Pa., containing 364 names, stating that they, therefore, urgently request immediate action to have the Government and all its departments conform to the rules and spirit, which it has laid down for private industry in the articles of the National Recovery Act, believing that it is quite necessary that this be done in order that the leaders of industry may know that the Government is sincere in its attempt to bring back prosperity; to the Committee on the Post Office and Post Roads.

3999. By Mr. ENGLEBRIGHT: Petition of John W. Howe, secretary California Highway Commission, endorsing House bill 8781; to the Committee on Roads.

4000. By Mr. FISH: Petition of 374 residents of Orange and Dutchess Counties, N.Y., favoring the discontinuing immediately of the payless furlough of postal employees, in order that they may attain the betterment of living conditions which is their right and heritage, in accord with the standards of this country; to the Committee on the Post Office and Post Roads.

4001. By Mr. FORD: Resolution of the Los Angeles County Council of the American Legion, protesting against the granting of full American citizenship to any alien by special legislative grant; to the Committee on Immigration and Naturalization.

4002. By Mr. GASQUE: Concurrent resolution of the Legislature and the General Assembly of the State of South Carolina, memorializing the President of the United States and Congress that substantial reduction be made on taxes on tobacco and tobacco products; to the Committee on Ways and Means.

4003. By Mr. GOODWIN: Petition of the Merchants' Association of New York, resolving that the Post Office Department and the Chief Executive of the Government afford the air-mail industry an opportunity to be heard, and that every effort be made to reestablish adequate air-mail facilities; to the Committee on the Post Office and Post Roads.

4004. By Mr. HAINES: Resolution from the Wisteria Council, No. 184, Sons and Daughters of Liberty of Red Lion, Pa., protesting against the enactment of legislation that would increase immigration; to the Committee on Immigration and Naturalization.

4005. Also, resolution from Cigarmakers Union, No. 281, Red Lion, Pa., endorsing the Wagner-Lewis unemployment insurance bill; to the Committee on Ways and Means.

4006. By Mr. KENNEDY of New York: Memorial of the Legislature of the State of New York, that the Congress amend the Securities Act of 1933 by eliminating all of its civil-liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

4007. By Mr. KOPPLEMANN: Petition of employees of brokerage firms and investment houses in Hartford, Conn., and vicinity, protesting against the passage of the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

4008. By Mr. KRAMER: Resolution adopted by the W. S. Hancock Council, No. 20, Junior Order United American Mechanics, on February 2, 1934; to the Committee on Immigration and Naturalization.

4009. Also, resolution adopted by the City Council of Los Angeles on April 6, 1934; to the Committee on Interstate and Foreign Commerce.

4010. By Mr. LEHR: Petition of Jackson County Board of Supervisors, Jackson, Mich., urging the enactment of the McLeod bill (H.R. 7908) into law; to the Committee on Banking and Currency.

4011. Also, petition of members of St. Mary's Mission Parish of Manchester, Mich., urging Congress to support the amendment to section 301 of Senate bill 2910, providing certain radio facilities for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations; to the Committee on Merchant Marine, Radio, and Fisheries.

4012. By Mr. LINDSAY: Petition of Rev. Bernard J. McBride, in behalf of St. Columbkille's Parish, Brooklyn, N.Y., urging support of section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4013. Also, petition of Rev. Augustine B. Doyne, pastor of St. Rita's Parish, Brooklyn, N.Y., urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4014. Also, petition of United Upholsterers' Union of New York, Local 44, New York City, urging support of the Wagner-Connelly disputes bill and the Wagner-Lewis bill; to the Committee on Labor.

4015. Also, petition of the Senate of the State of New York, Albany, to amend the Securities Act of 1933; to the Committee on Banking and Currency.

4016. Also, petition of the Ford Radio & Mica Corporation, Brooklyn, N.Y., favoring proposed amendment to section 301 of Senate bill 2910, so that Station WLWL can continue broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4017. By Mr. ROGERS of New Hampshire: Petition of the Pelham Parent-Teachers Association, of Pelham, N.H., praying for the adoption of the so-called "Patman motion-picture bill" (H.R. 6097) providing for higher moral standards for films entering interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

4018. By Mr. RUDD: Petition of United Upholsterers' Union of New York, Local No. 44, New York City, favoring the passage of the Wagner-Connelly disputes bill; to the Committee on Labor.

4019. Also, memorial of the Legislature of the State of New York favoring amending the Securities Act of 1933 by eliminating all of its civil liability provisions to the end that business, by being permitted to finance itself, may thereby be in a position to finance employment when the ability of the Government so to do is exhausted; to the Committee on Interstate and Foreign Commerce.

4020. By Mr. THOMASON: Petition of residents of Sierra Blanca, Tex., and vicinity, voicing approval of Senate bill

1142, the united communities bill; to the Committee on Agriculture.

4021. Also, petition of residents of Crane County, Tex., expressing approval of the Wagner labor bill; to the Committee on Labor.

4022. By the SPEAKER: Petition of St. Peter's Parish, New Castle, Del., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4023. Also, petition of the Holy Name Society, of Staten Island, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4024. Also, petition of St. Alice's Parish, of Upper Darby, Delaware County, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4025. Also, petition of the Holy Name Society of Altoona, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4026. Also, petition of the Holy Name Society, Borough of the Bronx, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4027. Also, petition of the Graceville Council, Knights of Columbus, No. 1391, Graceville, Minn., urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4028. Also, petition of numerous qualified voters of Yonkers, N.Y., urging repeal of that part of the Economy Act which permits department heads to impose payless furloughs on their employees; to the Committee on Expenditures in the Executive Departments.

4029. Also, petition of the Knights of Columbus of Little Falls, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4030. Also, petition of Sacred Heart Parish, Burke, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4031. Also, petition of Mr. and Mrs. George M. Dienes, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4032. Also, petition of St. Peter and St. Paul's Church, Alton, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4033. Also, petition of St. Ambrose Parish, Deadwood, S.Dak., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4034. Also, petition of the Grant County Farm Holiday Association, urging passage of the Frazier bill; to the Committee on Agriculture.

4035. Also, petition of Mga Anak ng Bukid, Inc., Salinas, Calif., regarding Philippine independence; to the Committee on Insular Affairs.

4036. Also, petition of the board of aldermen, city of New York, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4037. Also, petition of W. S. Hancock Council, No. 20, Junior Order United American Mechanics, Los Angeles, Calif., regarding the registration of aliens; to the Committee on Immigration and Naturalization.

4038. Also, petition of the city and county of Honolulu, Hawaii, protesting against the passage of the Jones-Costigan bill; to the Committee on Agriculture.

4039. Also, petition of Pascual B. Racuyal, regarding Philippine independence; to the Committee on Insular Affairs.

SENATE

THURSDAY, APRIL 19, 1934

(Legislative day of Tuesday, Apr. 17, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Wednesday, April 18, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Pittman
Ashurst	Couzens	Johnson	Pope
Austin	Cutting	Kean	Reed
Bachman	Davis	Keyes	Reynolds
Bailey	Dickinson	King	Robinson, Ind.
Bankhead	Dieterich	Lewis	Schall
Barbour	Dill	Logan	Sheppard
Black	Duffy	Loneragan	Shipstead
Bone	Erickson	Long	Stelwer
Borah	Fess	McCarran	Stephens
Brown	Fletcher	McGill	Thomas, Okla.
Bulkley	Frazier	McKellar	Thomas, Utah
Bulow	George	McNary	Thompson
Byrd	Gibson	Metcalf	Townsend
Byrnes	Glass	Murphy	Vandenberg
Capper	Goldsborough	Neely	Van Nuys
Caraway	Gore	Norbeck	Wagner
Carey	Hale	Norris	Walcott
Clark	Harrison	Nye	Walsh
Connally	Hastings	O'Mahoney	White
Coolidge	Hatch	Overton	
Copeland	Hayden	Patterson	

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is necessarily absent from the Senate.

Mr. LEWIS. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is absent on account of a death in his family; that the Senator from Montana [Mr. WHEELER] is absent because of illness; and that the Senator from Florida [Mr. TRAMMELL], the Senator from California [Mr. McADOO], the Senator from Maryland [Mr. TYDINGS], the Senator from South Carolina [Mr. SMITH], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Georgia [Mr. RUSSELL] are necessarily detained.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

SPECIAL COMMITTEE ON INVESTIGATION OF THE MUNITIONS INDUSTRY

The VICE PRESIDENT. Pursuant to Senate Resolution 206, the Chair appoints the following-named Senators as the members of the special committee to make certain investigations concerning the manufacture and sale of arms and other war munitions: The Senator from Idaho [Mr. POPE], the Senator from Washington [Mr. BONE], the Senator from Missouri [Mr. CLARK], the Senator from Texas [Mr. SHEPPARD], the Senator from New Jersey [Mr. BARBOUR], the Senator from Michigan [Mr. VANDENBERG], and the Senator from North Dakota [Mr. NYE].

DISPOSITION OF USELESS PAPERS OF THE INTERIOR DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, lists of papers and documents on the files of the Department, its bureaus and offices, which are not of historical interest or needed in the conduct of business, and asking for action looking toward their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. WAGNER and Mr. NORBECK the committee on the part of the Senate.